

OR TAMBO

DISTRICT MUNICIPALITY



O.R. TAMBO DISTRICT MUNICIPALITY

2014/15

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2015

OR TAMBO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

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GENERAL INFORMATION

EXECUTIVE MAYOR

N. Meth (Ms)

SPEAKER

R.Z. Nogumla

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor

Deputy Executive Mayor

T. Sabisa

Councillors: N.W. Dyule (Ms)
L.N. Mambila
N.O. Mgugudo (Ms)
P.N. Pepping (Ms)

M. Dambuza
S. Mlamli
W. Ngozi
M.C. Socikwa

GRADING OF THE LOCAL AUTHORITY

Grade 5

AUDITORS

External: Auditor General

Internal: Own Staff

PRIMARY BANKER

First National Bank

REGISTERED OFFICE

Magwa House
Nelson Mandela Drive
MTHATHA
5099

Private Bag X6043
MTHATHA
5099

Telephone: (047) 501-6400

Facsimile: (047) 501-6455

E-Mail: ortambodm@ortambodm.org.za

MUNICIPAL MANAGER (Acting)

P.A.X. Dunywa (047) 501-6400

andiswad@ortambodm.org.za

CHIEF FINANCIAL OFFICER

M.E. Moleko (047) 501-7011

molekom@ortambodm.org.za

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GENERAL INFORMATION (continued)

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 8 to 148, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during September 2015.

P.A.X. DUNYWA
MUNICIPAL MANAGER (Acting)
31 August 2015

M.E. MOLEKO
CHIEF FINANCIAL OFFICER
31 August 2015

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MEMBERS OF THE COUNCIL

COUNCILLORS		PROPORTIONAL COUNCILLORS	
Dyule NW (Ms)	ANC	Budu S	ANC
Makhedama M	ANC	Capa NY (Ms)	ANC
Mambila LN	ANC	Cwecwe N	ANC
Mamve NN (Ms)	ANC	Dambuza MB	ANC
Mandita KD	ANC	Dawedi AM	ANC
Mbede B	ANC	Dlani XH	ANC
Meth N (Ms)	ANC	Gwadiso VO	ANC
Mfeya N (Ms)	ANC	Hibhane Z	ANC
Mgugudo NO (Ms)	ANC	Khupelo TE	ANC
Ngozi W	ANC	Kwaza NS (Ms)	ANC
Njemla SN	ANC	Magaya FA	ANC
Nkani BJ (Ms)	ANC	Mathe MS	ANC
Nogumla RZ	ANC	Matomane NR (Ms)	ANC
Ntobongwana N (Ms)	ANC	Mbotshwa N (Ms)	ANC
Ntsuba VW	ANC	Mlamli S	ANC
Pepping PN (Ms)	ANC	Mnyanda V	ANC
Sabisa T	ANC	Mpemnyama N	ANC
Sabona J	ANC	Mvamveki RN	ANC
Sigcau M	ANC	Mziba L (Ms)	ANC
Soguntuza N (Ms)	ANC	Ngabayena M	ANC
Dudumayo RB	UDM	Nkungu MI	ANC
Ndude LM	UDM	Ntshoyi NP (Ms)	ANC
Ndzwayiba MW	COPE	Ruleni S	ANC
Xangayi CT	DA	Sikhonkothela N	ANC
		Socikwa MC	ANC
		Thwatshuka D	ANC
		Zimela M	ANC
		Zweni RM	ANC
		Bunzana M	UDM
		Mkrokrelwa M	UDM
		Mzimane NF	UDM
		Ndlobongela B	UDM
		Gogo M	COPE
		Maqabuka Z	COPE
		Kotana MPJ	DA

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MEMBERS OF THE COUNCIL (continued)

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

P.A.X. DUNYWA
MUNICIPAL MANAGER
31 August 2015

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FOREWORD OF THE EXECUTIVE MAYOR

During the 2014/15 financial year the municipality had to ensure that issues of compliance with various changes in legislation are addressed in order to meet the challenges set by a changing legislative environment.

The municipality, as part of improving service delivery to the community, implemented proper communication channels through the ward committee systems. Community Development Workers ensured that our people receive treatment that is in compliance with the Batho Pele principles. Service delivery and the payment for services still remain a serious concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and ensure that we uplift the living conditions of those that were previously disadvantaged. Further to ensure that compliance with Batho Pele principles is adhered to at all times, we call upon our Councillors, Community Development Workers and Ward Committees to discharge their responsibilities in the spirit of co-operative governance.

Capital infrastructure projects were mainly financed from external grant funding and the municipality has successfully finalised some of the projects as identified in the Integrated Development Plan. There has been significant improvement in spending of conditional grants in this regard, especially MIG Funds which were fully spent during the current year and 2013/14. The Rural Housing Infrastructure Grant, amounting to R4,1 million, was the only conditional grant which was unspent at year-end and the municipality has already submitted a request for the roll-over of the unspent funds to National Treasury.

The municipality will in the 2015/16 financial year again embark upon projects identified in the Integrated Development Plan and speed up completion of 2014/15 rolled-over projects.

I hereby wish to thank the members of the Mayoral Committee and executive staff for their commitment during the 2014/15 year and hope that the 2015/16 targets set in the Integrated Development Plan will be met.

I thank you.

CLR N. METH (Ms)
EXECUTIVE MAYOR
31 August 2015

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AUDIT REPORT

The 2014/15 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as Annexure "A" when received after the completion of the statutory audit.

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REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Or Tambo District Municipality at 30 June 2015.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2012/13 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2015 indicates an increase in Net Assets, an increase in Non-current Liabilities and a decrease in Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increase in Long-service Benefits. The increase in Current Liabilities is primarily the result of the decrease in Unspent Conditional Grants which is less than the increase in Payables.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2015	2014
Surplus / (Deficit) before Appropriations	191 465 361	461 803 157
Surplus / (Deficit) at the end of the Year	4 373 540 615	4 132 628 737
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	25.82%	21.59%
Remuneration of Councillors	1.25%	0.82%
Depreciation and Amortisation	12.15%	16.46%
Impairment Losses	13.07%	1.70%
Repairs and Maintenance	2.78%	1.92%
Interest Paid	0.14%	0.17%
Bulk Purchases	2.97%	2.92%
Contracted Services	1.64%	1.62%
Grants and Subsidies Paid	3.95%	3.66%
General Expenses	34.15%	49.10%
Current Ratio:		
Trade Creditors Days	164	133
Debtors from Exchange Transactions Days	198	184

2.2 Performance Indicators:

INDICATOR	2015	2014
Financial Position		
Debtors Management:		
Outstanding Debtors to Revenue	16.96%	8.52%
Outstanding Service Debtors to Revenue	66.13%	67.56%
Liquidity Management:		
Liquidity Ratio	0.72	0.50
Liability Management:		
Capital Cost as percentage of Own Revenue	0.79%	1.01%
Borrowed Funding as percentage of Own Capital Expenditure	0.00%	2.99%
Financial Viability:		
Debt Coverage	13.00	11.50
Cost Coverage	0.29	0.18
Financial Performance		
Expenditure Management:		
Creditors to Cash and Investments	135.58%	183.59%
Capital Expenditure on Infrastructure to Total Capital Expenditure	97.27%	150.86%

A detailed ratio analysis, together with explanations, is included in Appendix "H".

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by OR Tambo District Municipality can generally be classified as General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2015 are as follows:

DETAILS	Actual 2014/15 R	Actual 2013/14 R	Percentage Variance %	Budgeted 2014/15 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	4 132 628 737	3 668 303 716	12.66	-	100.00
Operating income for the year	1 511 792 398	1 833 142 626	(17.53)	1 916 266 757	(21.11)
Appropriations for the year	-	-	-	-	-
	5 644 421 135	5 501 446 343	2.60	1 916 266 757	194.55
Expenditure:					
Operating expenditure for the year	1 320 327 038	1 371 339 470	(3.72)	1 110 235 842	18.92
Sundry transfers	(49 446 518)	(2 521 864)	1 860.71	-	100.00
Closing surplus / (deficit)	4 373 540 615	4 132 628 737	5.83	806 030 915	442.60
	5 644 421 135	5 501 446 343	2.60	1 916 266 757	194.55

3.1 General Services:

General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Grants Received and Sundry Fees levied.

DETAILS	Actual 2014/15 R	Actual 2013/14 R	Percentage Variance %	Budgeted 2014/15 R	Variance actual/ budgeted %
Income	893 944 807	803 693 085	11.23	448 570 694	99.29
Expenditure	526 427 514	366 624 967	43.59	420 703 770	25.13
Surplus / (Deficit)	367 517 294	437 068 118	(15.91)	27 866 924	1 218.83
Surplus / (Deficit) as % of total income	41.11%	54.38%		6.21%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community.

DETAILS	Actual 2014/15 R	Actual 2013/14 R	Percentage Variance %	Budgeted 2014/15 R	Variance actual/ budgeted %
Income	-	-	-	9 661 899	(100.00)
Expenditure	7 200 495	10 729 938	(32.89)	7 238 740	(0.53)
Surplus / (Deficit)	(7 200 495)	(10 729 938)	(32.89)	2 423 159	(397.15)
Surplus / (Deficit) as % of total income	(100.00)%	(100.00)%		25.08%	

3.3 Water Services:

Water is bought in bulk from the Department of Water Affairs and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R39 261 927 (2014: R40 105 296). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2014/15 R	Actual 2013/14 R	Percentage Variance %	Budgeted 2014/15 R	Variance actual/ budgeted %
Income	617 847 591	1 029 449 541	(39.98)	1 458 034 164	(57.62)
Expenditure	786 699 029	993 984 564	(20.85)	682 293 332	15.30
Surplus / (Deficit)	(168 851 437)	35 464 977	(576.11)	775 740 832	(121.77)
Surplus / (Deficit) as % of total income	(27.33)%	3.45%		53.20%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R433 468 689 (2013/14: R651 350 756). Full details of Assets are disclosed in Notes 7, 8, 9, 10 and Appendices "B, C and E (4)" to the Annual Financial Statements.

The capital expenditure of R433 468 689 was financed as follows:

DETAILS	Actual 2014/15 R	Actual 2013/14 R	Percentage Variance %	Budgeted 2014/15 R	Variance actual/ budgeted %
Grants and Subsidies	419 768 160	413 381 706	1.54	709 299 000	(40.82)
Own Funds (Accumulated Surplus)	14 451 873	8 544 049	69.15	109 142 561	(86.76)
	434 220 033	421 925 755	2.91	818 441 561	(46.95)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2015	2014
Grants and Subsidies	96.67%	97.97%
Own Funds (Accumulated Surplus)	3.33%	2.03%
	100.00%	100.00%

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2015	2014
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	806 030 915	815 563 721
Revenue variances	(404 474 359)	177 111 928
Expenditure variances:		
Employee Related Costs	450 053	(33 144 102)
Remuneration of Councillors	(16 457 660)	(11 310 100)
Depreciation and Amortisation	521 625	(65 176 189)
Impairment Losses	(126 326 458)	97 660 747
Repairs and Maintenance	14 663 700	5 799 693
Interest Paid	(30 804)	(2 343 214)
Bulk Purchases	1 738 073	(10 105 296)
Contracted Services	4 028 774	(392 249)
Grants and Subsidies Paid	180 098 998	(4 996 456)
General Expenses	(241 416 519)	(506 339 573)
Other Losses on Continued Operations	(1 438 196)	(525 754)
Loss on disposal of Property, Plant and Equipment	(25 922 784)	-
Actual surplus before appropriations	191 465 361	461 803 157

DETAILS	2015	2014
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	806 030 915	923 069 816
Executive and Council	(113 883 515)	(99 279 784)
Budget and Treasury Office	663 858 603	701 204 680
Corporate Services	(82 256 183)	(73 823 106)
Planning and Development	(57 027 370)	(48 807 917)
Health	(4 413 772)	(3 955 849)
Community and Social Services	(9 128 020)	(7 658 846)
Housing	(9 623 654)	(14 934 408)
Public Safety	(32 914 223)	(24 804 719)
Sport and Recreation	(2 513 101)	(3 585 100)
Environmental Protection	(14 334 214)	(15 358 122)
Roads and Transport	(5 783 505)	(5 519 946)
Water	(944 592 269)	(862 743 614)
Other	(1 954 330)	(1 999 927)
Actual surplus before appropriations	191 465 361	461 803 157

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

5.2 Capital Budget:

DETAILS	Actual 2014/15 R	Actual 2013/14 R	Variance actual 2014/15 / 2013/14 R	Budgeted 2014/15 R	Variance actual/ budgeted R
Executive and Council	-	522 678	(522 678)	4 000 000	(4 000 000)
Budget and Treasury Office	11 092 398	5 817 233	5 275 165	7 500 000	3 592 398
Corporate Services	-	591 727	(591 727)	1 850 000	(1 850 000)
Planning and Development	751 344	1 342 394	(591 050)	5 686 507	(4 935 163)
Health	-	7 200	(7 200)	1 000 000	(1 000 000)
Community and Social Services	-	55 172	(55 172)	2 800 000	(2 800 000)
Housing	-	-	-	1 000 000	(1 000 000)
Public Safety	-	142 276	(142 276)	6 700 000	(6 700 000)
Roads and Transport	-	65 369	(65 369)	2 686 000	(2 686 000)
Water	422 376 291	413 381 706	8 994 585	785 019 054	(362 642 763)
Other	-	-	-	200 000	(200 000)
	434 220 033	421 925 755	12 294 278	818 441 561	(384 221 528)

Details of the results per segmental classification of capital expenditure are included in Appendix "C" and in Appendix "E (4)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2015 amounted to R4 373 540 615 (30 June 2014: R4 132 628 737) and is made up as follows:

Accumulated Surplus	4 373 540 615
	<u>4 373 540 615</u>

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 21 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2015 was R20 436 (30 June 2014: R104 859).

Loans to the amount of R0 (2013/14: R255 195) was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year.

Refer to Note 18 and Appendix "A" for more detail.

8. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R12 509 800 as at 30 June 2015 (30 June 2014: R11 069 741) and is made up as follows:

Long Service Awards Liability	12 509 800
	<u>12 509 800</u>

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 19 for more detail.

9. CURRENT LIABILITIES

Current Liabilities amounted R412 744 787 as at 30 June 2015 (30 June 2014: R404 648 737) and is made up as follows:

Consumer Deposits	Note 13	2 065 078
Provisions	Note 14	2 271 547
Payables from Exchange Transactions	Note 15	403 909 751
Payables from Non-exchange Transactions	Note 16	303 973
Unspent Conditional Grants and Receipts	Note 17	4 110 015
Current Portion of Long-term Liabilities	Note 18	84 423
		<u>412 744 787</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R4 272 299 783 as at 30 June 2015 (30 June 2014: R4 131 755 001).

Refer to Note 7 and Appendices "B, C and E (4)" for more detail.

11. INTANGIBLE ASSETS

The net value of Intangible Assets were R1 168 369 as at 30 June 2015 (30 June 2014: R2 196 180).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 8 and Appendix "B" for more detail.

12. INVESTMENT PROPERTY

The net value of Investment Properties were R2 200 000 as at 30 June 2015 (30 June 2014: R2 200 000).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 9 and Appendix "B" for more detail.

13. HERITAGE ASSETS

The net value of Heritage Assets were R90 000 as at 30 June 2015 (30 June 2014: R90 000).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 10 and Appendix "B" for more detail.

14. BIOLOGICAL ASSETS

The net value of Biological Assets were R14 636 898 as at 30 June 2015 (30 June 2014: R16 101 264).

Biological Assets are the produce of agricultural activities undertaken and managed by the municipality.

Refer to Note 11 and Appendix "B" for more detail.

15. LONG-TERM RECEIVABLES

Long-term Receivables of R296 807 at 30 June 2015 (30 June 2014: R117 285) is made up as follows:

Other Loans	296 807
	<u>296 807</u>
Less: Short-term portion included in Current Assets	-
	<u><u>296 807</u></u>

Refer to Note 12 for more detail.

16. CURRENT ASSETS

Current Assets amounted R508 123 781 as at 30 June 2015 (30 June 2014: R395 992 344) and is made up as follows:

Inventories	Note 2	15 862 011
Receivables from Exchange Transactions	Note 3	102 123 289
Receivables from Non-exchange Transactions	Note 4	44 858 475
VAT Receivable	Note 5	47 364 274
Cash and Cash Equivalents	Note 6	297 915 732
Current Portion of Long-term Debtors	Note 12	-
		<u><u>508 123 781</u></u>

Refer to the indicated Notes for more detail.

17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 17 and 23, and Appendix "F" for more detail.

18. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 57.

19. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

29 August 2015

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Note	Actual	
		2015 R	2014 Restated R
ASSETS			
Current Assets		508 123 781	395 992 344
Inventories	2	15 862 011	18 131 515
Receivables from Exchange Transactions	3	102 123 289	75 534 297
Receivables from Non-exchange Transactions	4	44 858 475	44 793 636
VAT Receivable	5	47 364 274	53 590 223
Cash and Cash Equivalents	6	297 915 732	203 942 672
Current Portion of Long-term Receivables	12	-	-
Non-Current Assets		4 290 691 857	4 152 459 730
Property, Plant and Equipment	7	4 272 299 783	4 131 755 001
Intangible Assets	8	1 168 369	2 196 180
Investment Property	9	2 200 000	2 200 000
Heritage Assets	10	90 000	90 000
Biological Assets	11	14 636 898	16 101 264
Long-term Receivables	12	296 807	117 285
Total Assets		4 798 815 638	4 548 452 074
LIABILITIES			
Current Liabilities		412 744 787	404 648 737
Consumer Deposits	13	2 065 078	1 672 042
Provisions	14	2 271 547	1 335 242
Payables from Exchange Transactions	15	403 909 751	374 408 420
Payables from Non-exchange Transactions	16	303 973	347 703
Unspent Conditional Grants and Receipts	17	4 110 015	26 221 827
Current Portion of Long-term Liabilities	18	84 423	663 503
Non-Current Liabilities		12 530 236	11 174 600
Long-term Liabilities	18	20 436	104 859
Employee Benefit Liabilities	19	12 509 800	11 069 741
Total Liabilities		425 275 023	415 823 337
Total Assets and Liabilities		4 373 540 615	4 132 628 737
NET ASSETS		4 373 540 615	4 132 628 737
Accumulated Surplus / (Deficit)	21	4 373 540 615	4 132 628 737
Total Net Assets		4 373 540 615	4 132 628 737

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual	
		2015 R	2014 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Income from Agency Services	22	87 160	104 015
Government Grants and Subsidies Received	23	1 189 153 558	1 535 734 618
Public Contributions and Donations	24	1 963 863	-
Revenue from Exchange Transactions			
Service Charges	25	188 614 946	150 061 034
Rental of Facilities and Equipment	26	29 705	29 414
Interest Earned - External Investments	27	17 498 221	19 054 621
Interest Earned - Outstanding Debtors	27	33 621 598	28 006 450
Other Revenue	28	80 823 347	96 818 074
Other Gains on Continued Operations	39	-	2 916 031
Gains on Disposal of Property, Plant and Equipment	40	-	418 369
Total Revenue		1 511 792 398	1 833 142 626
EXPENDITURE			
Employee Related Costs	29	340 970 613	296 086 292
Remuneration of Councillors	30	16 457 660	11 310 100
Depreciation and Amortisation	31	160 368 961	225 666 775
Impairment Losses	32	172 569 843	23 339 253
Repairs and Maintenance	33	36 719 837	26 261 315
Finance Costs	34	1 864 857	2 343 214
Bulk Purchases	35	39 261 927	40 105 296
Contracted Services	36	21 704 726	22 198 299
Grants and Subsidies Paid	37	52 200 701	50 179 489
General Expenses	38	450 846 935	673 323 683
Other Losses on Continued Operations	39	1 438 196	525 754
Loss on Disposal of Property, Plant and Equipment	40	25 922 784	-
Total Expenditure		1 320 327 038	1 371 339 470
SURPLUS / (DEFICIT) FOR THE YEAR		191 465 361	461 803 157
Refer to Budget Statement for explanation of budget variances			

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

Description	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
2014			
Balance at 30 June 2013	-	3 668 303 716	3 668 303 716
Change in Accounting Policy (Note 41)		-	-
Correction of Error (Note 42)	-	2 521 864	2 521 864
Restated Balance	-	3 670 825 580	3 670 825 580
Surplus / (Deficit) for the year		461 803 157	461 803 157
Balance at 30 June 2014	(0)	4 132 628 737	4 132 628 737
2015			
Change in Accounting Policy (Note 41)		-	-
Correction of Error (Note 42)		49 446 518	49 446 518
Restated Balance	(0)	4 182 075 255	4 182 075 255
Surplus / (Deficit) for the year		191 465 361	191 465 361
Balance at 30 June 2015	(0)	4 373 540 615	4 373 540 615

Details on the movement of the Funds and Reserves are set out in Note 21.

OR TAMBO DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual	
		2015 R	2014 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Grant and Subsidies	23	1 167 041 747	1 366 653 743
Public Contributions and Donations	24	1 963 863	-
Service Charges	25	132 137 039	121 965 736
Interest Received	27	24 012 949	25 194 506
Other Receipts	28	87 530 113	245 935 494
Payments			
Employee Related Costs	29	(338 594 249)	(293 601 651)
Remuneration of Councillors	30	(16 457 660)	(11 310 100)
Interest Paid	34	(1 864 857)	(2 343 214)
Suppliers Paid	36	(73 741 294)	22 118 693
Other Payments	38	(453 644 847)	(816 792 462)
NET CASH FLOWS FROM OPERATING ACTIVITIES		528 382 804	657 820 747
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(433 468 689)	(651 003 256)
Purchase of Intangible Assets	8	-	(347 500)
Purchase of Biological Assets	11	(751 344)	(3 400 864)
Proceeds on Disposal of Property, Plant and Equipment		-	5 709 299
Proceeds on Disposal of Biological Assets		443 832	92 336
Decreases due to Harvest / Sales of Biological Assets		209 483	808 306
Decrease / (Increase) in Long-term Receivables	12	(179 522)	1 598 993
NET CASH FLOWS FROM INVESTING ACTIVITIES		(433 746 241)	(646 542 686)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings	18	-	255 195
Repayment of Borrowings	18	(663 503)	(674 575)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(663 503)	(419 380)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	6	93 973 060	10 858 680
Cash and Cash Equivalents at Beginning of Period		203 942 672	193 083 992
Cash and Cash Equivalents at End of Period		297 915 732	203 942 672

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	16 696 580	-	16 696 580	-	-	16 696 580	15 862 011	-	(834 569)	95.00	95.00
Receivables from Exchange Transactions	22 476 851	155 000 000	177 476 851	-	-	177 476 851	102 123 289	-	(75 353 562)	57.54	454.35
Receivables from Non-exchange Transactions	4 087 850	-	4 087 850	-	-	4 087 850	44 858 475	-	40 770 625	1 097.36	1 097.36
VAT Receivable	-	-	-	-	-	-	47 364 274	-	47 364 274	0.00	0.00
Cash and Cash Equivalents	842 809 190	(440 994 067)	401 815 123	-	-	401 815 123	297 915 732	-	(103 899 391)	74.14	35.35
Current Portion of Long-term Receivables	2 085 379	-	2 085 379	-	-	2 085 379	-	-	(2 085 379)	0.00	0.00
Non-Current Assets											
Property, Plant and Equipment	6 483 846 576	(16 535 000)	6 467 311 576	-	(2 215 000)	6 465 096 576	4 272 299 783	-	(2 192 796 793)	66.08	65.89
Intangible Assets	3 652 116	-	3 652 116	-	-	3 652 116	1 168 369	-	(2 483 747)	31.99	31.99
Investment Property	2 200 000	-	2 200 000	-	-	2 200 000	2 200 000	-	-	100.00	100.00
Heritage Assets	-	-	-	-	-	-	90 000	-	90 000	0.00	0.00
Biological Assets	12 985 613	-	12 985 613	-	-	12 985 613	14 636 898	-	1 651 286	112.72	112.72
Long-term Receivables	-	-	-	-	-	-	296 807	-	296 807	0.00	0.00
Total Assets	7 390 840 154	(302 529 067)	7 088 311 087	-	(2 215 000)	7 086 096 087	4 798 815 638	-	(2 287 280 449)	67.72	64.93
Current Liabilities											
Consumer Deposits	-	-	-	-	-	-	2 065 078	-	2 065 078	0.00	0.00
Provisions	-	-	-	-	-	-	2 271 547	-	2 271 547	0.00	0.00
Payables from Exchange Transactions	497 379 954	(80 665 451)	416 714 503	-	(2 215 000)	414 499 503	403 909 751	-	(10 589 752)	97.45	81.21
Payables from Non-exchange Transactions	-	-	-	-	-	-	303 973	-	303 973	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	4 110 015	-	4 110 015	0.00	0.00
Current Portion of Long-term Liabilities	245 000	-	245 000	-	-	245 000	84 423	-	(160 577)	34.46	34.46
Non-Current Liabilities											
Long-term Liabilities	70 000	-	70 000	-	-	70 000	20 436	-	(49 564)	29.19	29.19
Retirement Benefit Liabilities	-	-	-	-	-	-	12 509 800	-	12 509 800	0.00	0.00
Total Liabilities	497 694 954	(80 665 451)	417 029 503	-	(2 215 000)	414 814 503	425 275 023	-	10 460 520	102.52	85.45
Total Assets and Liabilities	6 893 145 200	(221 863 616)	6 671 281 584	-	-	6 671 281 584	4 373 540 615	-	(2 297 740 969)	65.56	63.45
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	6 893 145 200	(221 863 616)	6 671 281 584	-	-	6 671 281 584	4 373 540 615	-	(2 297 740 969)	65.56	63.45
Total Net Assets	6 893 145 200	(221 863 616)	6 671 281 584	-	-	6 671 281 584	4 373 540 615	-	(2 297 740 969)	65.56	63.45

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

NT Template not aligned to GRAP and the budget includes VAT Receivable, as well as portion of Receivables from Non-exchange Transactions.

Receivables from Non-exchange Transactions:

Budget not aligned to GRAP - included in budget for Receivables from Exchange Transactions.

VAT Receivable:

NT Template not aligned to GRAP and budget included in Receivables from Exchange Transactions.

Cash and Cash Equivalents:

Overspending resulted in decrease in budgeted cash in bank.

Current Portion of Long-term Receivables:

It was over-budgeted for Current Portion of Long-term Receivables.

Property, Plant and Equipment:

NT Budget not aligned to GRAP - Budget includes sanitation (VIP toilets) which do not meet the recognition criteria for an asset.

Intangible Assets:

Assets budgeted for, not procured during the year.

Heritage Assets:

Included in budget for Property, Plant & Equipment.

Biological Assets:

Births and weaning were projected less than actual outcome.

Long-term Receivables:

It was not budgeted for Long-term Receivables.

Consumer Deposits:

It was not budgeted for Consumer Deposits.

Provisions:

It was not budgeted for Provisions.

Payables from Non-exchange Transactions:

Budget not aligned to GRAP - included in budget for Payables from Exchange Transactions.

Unspent Conditional Grants and Receipts:

It was not budgeted to have any Unspent Grants at year-end.

Current Portion of Long-term Liabilities:

Equipment leased is fewer than budgeted for.

Long-term Liabilities:

Fewer equipment leased than anticipated resulting in current leases almost ending with lesser long-term obligations.

Retirement Benefit Liabilities:

It was not budgeted for Retirement Benefit Liabilities.

Accumulated Surplus / (Deficit):

Budget includes full amount for Capital Transfers, which did not realise.

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Income for Agency Services	-	-	-	-	-	-	87 160	-	87 160	0.00	0.00
Government Grants and Subsidies Received	1 274 260 997	2 811 676	1 277 072 673	-	-	1 277 072 673	831 031 763	-	(446 040 910)	65.07	65.22
Public Contributions and Donations	-	-	-	-	-	-	1 963 863	-	1 963 863	0.00	0.00
Revenue from Exchange Transactions											
Service Charges	185 289 236	177 588 553	362 877 789	-	-	362 877 789	188 614 946	-	(174 262 843)	51.98	101.79
Rental of Facilities and Equipment	35 000	-	35 000	-	-	35 000	29 705	-	(5 295)	84.87	84.87
Interest Earned - External Investments	18 379 168	400 000	18 779 168	-	-	18 779 168	17 498 221	-	(1 280 947)	93.18	95.21
Interest Earned - Outstanding Debtors	18 460 000	-	18 460 000	-	-	18 460 000	33 621 598	-	15 161 598	182.13	182.13
Other Income	211 036 001	21 006 126	232 042 127	-	-	232 042 127	80 823 347	-	(151 218 780)	34.83	38.30
Other Gains on Continued Operations	-	-	-	-	-	-	-	-	-	0.00	0.00
Gains on Disposal of Property, Plant and Equipment	5 000 000	2 000 000	7 000 000	-	-	7 000 000	-	-	(7 000 000)	0.00	0.00
Total Revenue	1 712 460 402	203 806 355	1 916 266 757	-	-	1 916 266 757	1 153 670 603	-	(762 596 154)	60.20	67.37
Expenditure											
Employee Related Costs	319 122 942	22 297 724	341 420 666	-	-	341 420 666	340 970 613	-	(450 053)	99.87	106.85
Remuneration of Councillors	449 188	(449 188)	-	-	-	-	16 457 660	16 457 660	16 457 660	0.00	3 663.87
Depreciation and Amortisation	160 490 586	400 000	160 890 586	-	-	160 890 586	160 368 961	-	(521 625)	99.68	99.92
Impairment Losses	46 243 385	-	46 243 385	-	-	46 243 385	172 569 843	126 326 458	126 326 458	373.18	373.18
Repairs and Maintenance	28 133 758	23 919 779	52 053 537	(670 000)	-	51 383 537	36 719 837	-	(14 663 700)	71.46	130.52
Finance Costs	-	1 834 053	1 834 053	-	-	1 834 053	1 864 857	30 804	30 804	101.68	0.00
Bulk Purchases	41 000 000	-	41 000 000	-	-	41 000 000	39 261 927	-	(1 738 073)	95.76	95.76
Contracted Services	24 912 500	821 000	25 733 500	-	-	25 733 500	21 704 726	-	(4 028 774)	84.34	87.12
Grants and Subsidies Paid	52 077 146	180 222 553	232 299 699	-	-	232 299 699	52 200 701	-	(180 098 998)	22.47	100.24
General Expenses	155 109 309	46 962 107	202 071 416	7 359 000	-	209 430 416	450 846 935	241 416 519	241 416 519	215.27	290.66
Other Losses on Continued Operations	-	-	-	-	-	-	1 438 196	1 438 196	1 438 196	0.00	0.00
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	25 922 784	25 922 784	25 922 784	0.00	0.00
Total Expenditure	827 538 814	276 008 028	1 103 546 842	6 689 000	-	1 110 235 842	1 320 327 038	411 592 419	210 091 196	118.92	159.55
Surplus/(Deficit)	884 921 588	(72 201 673)	812 719 915	(6 689 000)	-	806 030 915	(166 656 434)	(411 592 419)	(972 687 349)	0.00	0.00
Surplus/(Deficit for the Year)	884 921 588	(72 201 673)	812 719 915	(6 689 000)	-	806 030 915	191 465 361	(53 470 624)	(614 565 554)	23.75	21.64

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Income for Agency Services:

Income for Agency Services exceeded budgetary expectations.

Public Contributions and Donations:

It was not budgeted for Public Contributions and Donations.

Service Charges:

Budget includes the deemed income for Free Basic Services, which are forfeited.

Rental of Facilities and Equipment:

It was under-budgeted for rental received - negligible amount.

Interest Earned - External Investments:

Overspending on conditional grants result in cash not invested in banks which in turn results in less interest received.

Interest Earned - Outstanding Debtors:

Non-payment of consumer debtors resulted in increase in interest on debtors' accounts.

Other Income:

Budget includes the funding on reserves and VAT to be claimed whilst in GRAP, the reserves are in cashflow and the VAT is the input VAT on conditional grants.

Other Gains on Continued Operations:

Negligible amount.

Gains on Disposal of Property, Plant and Equipment:

Anticipated auction of assets did not realise.

Remuneration of Councillors:

NT Budget not aligned to GRAP - included in budget for Employee Related Costs.

Impairment Losses:

It was not budgeted for Impairment Losses.

Repairs and Maintenance:

Less spent on repairs than budgeted for due to capacity constraints.

Contracted Services:

It was over-budgeted for expenditure incurred for Contracted Services.

Grants and Subsidies Paid:

Budget includes the free basic service portion that is incurred in subsidising the services which is the same amount as in service charges revenue, inflating budget.

General Expenses :

The MIG spending on VIP toilets, not meeting the recognition criteria for assets, not included in the budget for General Expenses - also see Property, Plant and Equipment above.

Other Losses on Continued Operations:

It was not budgeted for Other Losses on Continued Operations.

Loss on Disposal of Property, Plant and Equipment:

It was not budgeted for Loss on Disposal of Property, Plant and Equipment.

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	4 000 000	-	4 000 000	-	-	4 000 000	-	-	(4 000 000)	0.00	0.00
Budget and Treasury Office	7 845 000	300 000	8 145 000	-	(645 000)	7 500 000	11 092 398	3 592 398	3 592 398	147.90	141.39
Corporate Services	3 050 000	(400 000)	2 650 000	-	(800 000)	1 850 000	-	-	(1 850 000)	0.00	0.00
Community and Social Services	-	2 800 000	2 800 000	-	-	2 800 000	-	-	(2 800 000)	0.00	0.00
Public Safety	10 700 000	(4 000 000)	6 700 000	-	-	6 700 000	-	-	(6 700 000)	0.00	0.00
Housing	1 070 000	700 000	1 770 000	-	(770 000)	1 000 000	-	-	(1 000 000)	0.00	0.00
Health	1 000 000	-	1 000 000	-	-	1 000 000	-	-	(1 000 000)	0.00	0.00
Planning and Development	5 165 000	521 507	5 686 507	-	-	5 686 507	751 344	-	(4 935 163)	13.21	14.55
Roads and Transport	2 686 000	-	2 686 000	-	-	2 686 000	-	-	(2 686 000)	0.00	0.00
Water	799 739 054	(14 720 000)	785 019 054	-	-	785 019 054	422 376 291	-	(362 642 763)	53.80	52.81
Other	200 000	-	200 000	-	-	200 000	-	-	(200 000)	0.00	0.00
Total Capital Expenditure	835 455 054	(14 798 493)	820 656 561	-	(2 215 000)	818 441 561	434 220 033	3 592 398	(384 221 528)	53.05	51.97

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Executive and Council:

Expenditure centralised in Budget and Treasury.

Budget and Treasury Office

Includes capital expenditure of other departments.

Corporate Services

Expenditure centralised in Budget and Treasury.

Community and Social Services:

Expenditure centralised in Budget and Treasury.

Sport and Recreation:

Expenditure centralised in Budget and Treasury.

Public Safety:

Expenditure centralised in Budget and Treasury.

Housing:

Expenditure centralised in Budget and Treasury.

Health:

Expenditure centralised in Budget and Treasury.

Planning and Development:

Expenditure centralised in Budget and Treasury.

Roads and Transport:

Expenditure centralised in Budget and Treasury.

Water:

Projects budgeted for did not realise.

Other:

Expenditure centralised in Budget and Treasury.

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	-	-	-	-	-	-	-	-	-	0.00	0.00
Grants	1 274 376 000	3 323 000	1 277 699 000	-	-	1 277 699 000	1 167 041 747	-	(110 657 253)	91.34	91.58
Public Contributions and Donations	-	-	-	-	-	-	1 963 863	1 963 863	1 963 863	0.00	0.00
Service Charges	157 505 851	-	157 505 851	-	10 040 000	167 545 851	132 137 039	-	(35 408 812)	78.87	83.89
Interest Received	37 339 168	(100 000)	37 239 168	-	5 760 832	43 000 000	24 012 949	-	(18 987 051)	55.84	64.31
Other Receipts	196 318 501	20 263 627	216 582 128	-	(39 860 563)	176 721 565	87 530 113	-	(89 191 452)	49.53	44.59
Employee Related Costs	-	-	-	-	-	-	(338 594 249)	-	(338 594 249)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(16 457 660)	-	(16 457 660)	0.00	0.00
Interest Paid	-	-	-	-	-	-	(1 864 857)	-	(1 864 857)	0.00	0.00
Suppliers Paid	(607 543 429)	(55 643 423)	(663 186 852)	-	21 844 729	(641 342 122)	(73 741 294)	567 600 828	567 600 828	0.00	0.00
Other Payments	(14 520 000)	(29 307 146)	(43 827 146)	-	-	(43 827 146)	(453 644 847)	-	(409 817 701)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(835 455 054)	14 798 493	(820 656 561)	-	2 215 000	(818 441 561)	(433 468 689)	384 972 872	384 972 872	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	0.00	0.00
Purchase of Biological Assets	-	-	-	-	-	-	(751 344)	-	(751 344)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	5 080 000	-	5 080 000	-	-	5 080 000	-	-	(5 080 000)	0.00	0.00
Proceeds on Disposal of Biological Assets	-	-	-	-	-	-	443 832	443 832	443 832	0.00	0.00
Decreases due to Harvest / Sales of Biological Assets	-	-	-	-	-	-	209 483	209 483	209 483	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	(179 522)	-	(179 522)	0.00	0.00
Cash Flows from/(used in) Financing Activities											
New Loans raised	-	-	-	-	-	-	-	-	-	0.00	0.00
Loans repaid	-	-	-	-	-	-	(663 503)	-	(663 503)	0.00	0.00
Cash and Cash Equivalents at End of the Year	213 101 037	(46 665 449)	166 435 588	-	(2)	166 435 586	93 973 060	955 190 878	(72 462 526)	56.46	44.10

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Public Contributions and Donations

It was not budgeted for Public Contributions and Donations.

Service Charges

It was over-budgeted for Service Charges.

Interest Received

Overspending on conditional grants result in cash not invested in banks which in turn results in less interest received.

Other Receipts

Budget includes reserves funding.

Employee Related Costs

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Remuneration of Councillors

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Interest Paid

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Suppliers Paid

Budget not aligned to GRAP - other streams of expenditure included in budget for Suppliers Paid.

Other Payments

The MIG spending on VIP toilets, not meeting the recognition criteria for assets, not included in the budget for General Expenses - also see Property, Plant and Equipment above.

Purchase of Property, Plant and Equipment:

Spending on VIP toilets included in the budget, whilst it does not meet the recognition criteria of an asset.

Purchase of Intangible Assets:

Included in the budget for Purchase of Property, Plant and Equipment.

Proceeds on Disposal of Property, Plant and Equipment:

Anticipated auction of assets did not realise.

Decrease / (Increase) in Long-term Receivables:

It was not budgeted for the Decrease / (Increase) in Long-term Receivables.

Loans repaid:

It was not budgeted for Loans Repaid.

Cash and Cash Equivalents at End of the Year:

Overspending resulted in lower cash inflow.

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	16 196 580	-	16 196 580	-	-	16 196 580	18 131 515	-	1 934 935	111.95	111.95
Receivables from Exchange Transactions	12 391 000	-	12 391 000	-	-	12 391 000	75 534 297	-	63 143 297	609.59	609.59
Receivables from Non-exchange Transactions	3 587 850	-	3 587 850	-	-	3 587 850	44 793 636	-	41 205 786	1 248.48	1 248.48
VAT Receivable	-	-	-	-	-	-	53 590 223	-	53 590 223	0.00	0.00
Cash and Cash Equivalents	615 106 891	-	615 106 891	-	-	615 106 891	203 942 672	-	(411 164 219)	33.16	33.16
Current Portion of Long-term Receivables	1 585 379	-	1 585 379	-	-	1 585 379	-	-	(1 585 379)	0.00	0.00
Non-Current Assets											
Property, Plant and Equipment	5 676 861 590	126 333 852	5 803 195 442	-	-	5 803 195 442	4 131 755 001	-	(1 671 440 441)	71.20	72.78
Intangible Assets	1 688 611	-	1 688 611	-	-	1 688 611	2 196 180	-	507 569	130.06	130.06
Investment Property	2 200 000	-	2 200 000	-	-	2 200 000	2 200 000	-	-	100.00	100.00
Heritage Assets	-	-	-	-	-	-	90 000	-	90 000	0.00	0.00
Biological Assets	11 732 567	-	11 732 567	-	-	11 732 567	16 101 264	-	4 368 697	137.24	137.24
Long-term Receivables	-	-	-	-	-	-	117 285	-	117 285	0.00	0.00
Total Assets	6 341 350 468	126 333 852	6 467 684 320	-	-	6 467 684 320	4 548 452 074	-	(1 919 232 246)	70.33	71.73
Current Liabilities											
Consumer Deposits	-	-	-	-	-	-	1 672 042	-	1 672 042	0.00	0.00
Provisions	-	-	-	-	-	-	1 335 242	-	1 335 242	0.00	0.00
Payables from Exchange Transactions	436 144 104	-	436 144 104	-	-	436 144 104	374 408 420	-	(61 735 684)	85.85	85.85
Payables from Non-exchange Transactions	-	-	-	-	-	-	347 703	-	347 703	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	26 221 827	-	26 221 827	0.00	0.00
Current Portion of Long-term Liabilities	245 000	-	245 000	-	-	245 000	663 503	-	418 503	270.82	270.82
Non-Current Liabilities											
Long-term Liabilities	70 000	-	70 000	-	-	70 000	104 859	-	34 859	149.80	149.80
Retirement Benefit Liabilities	-	-	-	-	-	-	11 069 741	-	11 069 741	0.00	0.00
Total Liabilities	436 459 104	-	436 459 104	-	-	436 459 104	415 823 337	-	(20 635 767)	95.27	95.27
Total Assets and Liabilities	5 904 891 364	126 333 852	6 031 225 216	-	-	6 031 225 216	4 132 628 737	-	(1 898 596 479)	68.52	69.99
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	5 904 891 364	126 333 852	6 031 225 216	-	-	6 031 225 216	4 132 628 737	-	(1 898 596 479)	68.52	69.99
Total Net Assets	5 904 891 364	126 333 852	6 031 225 216	-	-	6 031 225 216	4 132 628 737	-	(1 898 596 479)	68.52	69.99

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

Inventory:

Less Inventories were issued than budgeted for.

Receivables from Exchange Transactions:

The collection rate of Receivables was lower than anticipated.

Receivables from Non-exchange Transactions:

Overspending on allocated conditional grants received have been realised which was not anticipated.

VAT Receivable:

NT Budget Template not aligned to GRAP and VAT is included in the budget for Payables.

Cash and Cash Equivalents:

Overspending, more specifically on MIG, resulted in the decreasing of funds.

Current Portion of Long-term Receivables:

NT Budget Template not aligned to GRAP and therefore not budgeted for this item - included in Long-term Receivables.

Property, Plant and Equipment:

NT Budget Template not aligned to GRAP. In the budget, PPE includes the sanitation expenditure (VIP toilets in rural areas), whilst in GRAP 17 this does not meet the criteria of an asset, hence not included in actual outcome.

Intangible Assets:

It was not budgeted for the amortisation of Intangible Assets.

Heritage Assets:

NT Budget Template not aligned to GRAP and therefore not budgeted for this item - included in Property, Plant and Equipment.

Biological Assets:

It was under-budgeted for Biological Assets.

Long-term Receivables:

It was not budgeted for Long-term Receivables - negligible amount.

Consumer Deposits:

Consumer Deposits were included in Payables and not separately budgeted for.

Provisions:

Provisions were included in Payables and not separately budgeted for.

Payables from Exchange Transactions:

It was over-budgeted for Payables from Exchange Transactions.

Payables from Non-exchange Transactions:

NT Budget Template not aligned to GRAP and therefore not budgeted for this item - included in Payables from Exchange Transactions.

Unspent Conditional Grants and Receipts:

Conditional Grants were projected to be fully spent, which did not realise.

Current Portion of Long-term Liabilities:

Projection was lower than actual outcome.

Long-term Liabilities:

An increase in machines hired was not anticipated.

Retirement Benefit Liabilities:

It was not budgeted for Retirement Benefit Liabilities.

Accumulated Surplus / (Deficit):

The result of accumulated classification differences between GRAP 17 and MBRR on treatment of VIP toilets on MIG expenditure.

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Income for Agency Services	-	-	-	-	-	-	104 015	-	104 015	0.00	0.00
Government Grants and Subsidies Received	1 179 493 612	173 096 007	1 352 589 619	-	-	1 352 589 619	1 535 734 618	-	183 144 999	113.54	130.20
Revenue from Exchange Transactions											
Service Charges	264 960 000	4 000 000	268 960 000	-	-	268 960 000	150 061 034	-	(118 898 966)	55.79	56.64
Rental of Facilities and Equipment	35 000	-	35 000	-	-	35 000	29 414	-	(5 586)	84.04	84.04
Interest Earned - External Investments	15 500 000	1 700 000	17 200 000	-	-	17 200 000	19 054 621	-	1 854 621	110.78	122.93
Interest Earned - Outstanding Debtors	19 000 000	-	19 000 000	-	-	19 000 000	28 006 450	-	9 006 450	147.40	147.40
Other Income	177 042 086	5 811 218	182 853 304	-	-	182 853 304	96 818 074	-	(86 035 230)	52.95	54.69
Other Gains on Continued Operations	-	-	-	-	-	-	2 916 031	-	2 916 031	0.00	0.00
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	418 369	-	418 369	0.00	0.00
Total Revenue	1 656 030 698	184 607 225	1 840 637 923	-	-	1 840 637 923	1 833 142 626	-	(7 495 297)	99.59	110.69
Expenditure											
Employee Related Costs	262 942 190	20 746 988	283 689 178	-	-	283 689 178	296 086 292	12 397 114	12 397 114	104.37	112.61
Remuneration of Councillors	-	-	-	-	-	-	11 310 100	11 310 100	11 310 100	0.00	0.00
Depreciation and Amortisation	160 490 586	-	160 490 586	-	-	160 490 586	225 666 775	65 176 189	65 176 189	140.61	140.61
Impairment Losses	121 000 000	-	121 000 000	-	-	121 000 000	23 339 253	-	(97 660 747)	19.29	19.29
Repairs and Maintenance	32 061 008	(32 669)	32 028 339	-	-	32 028 339	26 261 315	-	(5 767 024)	81.99	81.91
Finance Costs	-	-	-	-	-	-	2 343 214	2 343 214	2 343 214	0.00	0.00
Bulk Purchases	30 000 000	(270 000)	29 730 000	-	-	29 730 000	40 105 296	10 375 296	10 375 296	134.90	133.68
Contracted Services	21 806 050	3 070 600	24 876 650	-	-	24 876 650	22 198 299	-	(2 678 351)	89.23	101.80
Grants and Subsidies Paid	45 183 033	11 413 042	56 596 075	-	-	56 596 075	50 179 489	-	(6 416 586)	88.66	111.06
General Expenses	166 984 110	42 173 169	209 157 279	-	-	209 157 279	673 323 683	464 166 404	464 166 404	321.92	403.23
Other Losses on Continued Operations	-	-	-	-	-	-	525 754	525 754	525 754	0.00	0.00
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Expenditure	840 466 977	77 101 130	917 568 107	-	-	917 568 107	1 371 339 470	566 294 070	453 771 363	149.45	163.16
Surplus/(Deficit)	815 563 721	107 506 095	923 069 816	-	-	923 069 816	461 803 157	(566 294 070)	(461 266 659)	50.03	56.62
Surplus/(Deficit for the Year)	815 563 721	107 506 095	923 069 816	-	-	923 069 816	461 803 157	(566 294 070)	(461 266 659)	50.03	56.62

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Income for Agency Services:

It was not budgeted for Agency Services - included in Other Income.

Government Grants and Subsidies Received:

An overspending on grants led to increased revenue for Government Grants and Subsidies Received once the expense is realised in revenue.

Service Charges:

Budget for Service Charges includes the anticipated old debt repayment, whilst in actual outcome only billing is included.

Rental of Facilities and Equipment:

Negligible amount.

Interest Earned - External Investments:

It was under-budgeted for Interest Earned - External Investments.

Interest Earned - Outstanding Debtors:

Non-payment of debtors resulted in increase in Interest Earned - Outstanding Debtors, exceeding projected income.

Other Income:

Reserves budgeted for to fund the budget are included in Other Income, whilst actually the reserves are under cash and cash equivalents.

Other Gains on Continued Operations:

It was not budgeted for Other Gains on Continued Operations.

Gains on Disposal of Property, Plant and Equipment:

It was not budgeted for Gains on Disposal of Property, Plant and Equipment.

Remuneration of Councillors:

It was not budgeted for Remuneration of Councillors - included in the budget for Employee Related Cost.

Depreciation and Amortisation:

The budget was based on the prior year's actual depreciation, whilst in actual there were corrections made and discovery of assets that were not previously recorded correctly.

Impairment Losses:

The budget included the old debt impairment, whilst in actual outcome the impairment is based on the current receivables.

Repairs and Maintenance:

Under-spending incurred on the maintenance of infrastructure assets.

Finance Costs:

Interest Paid to SARS for late payment not anticipated since SARS has to be paid within 7 days after month-end.

Bulk Purchases:

Bulk Purchases have been under-budgeted for.

Contracted Services:

Savings experienced on the expenditure for Contracted Services.

Grants and Subsidies Paid:

Grants and Subsidies Paid have been under-budgeted for.

General Expenses :

Variance is caused by difference in classification between GRAP and Municipal Budget Reporting Regulations. VIP toilets do not meet the asset criteria, hence not capitalised, whilst in MBRR these are capital expenditure.

Other Losses on Continued Operations:

It was not budgeted for Other Losses on Continued Operations.

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	1 000 000	1 312 970	2 312 970	-	-	2 312 970	522 678	-	(1 790 292)	22.60	52.27
Budget and Treasury Office	65 450	1 919 550	1 985 000	-	-	1 985 000	5 817 233	3 832 233	3 832 233	293.06	8 888.06
Corporate Services	3 739 550	(589 550)	3 150 000	-	-	3 150 000	591 727	-	(2 558 273)	18.78	15.82
Community and Social Services	1 027 000	-	1 027 000	-	-	1 027 000	55 172	-	(971 828)	5.37	5.37
Public Safety	2 400 000	2 600 000	5 000 000	-	-	5 000 000	142 276	-	(4 857 724)	2.85	5.93
Housing	387 384	(80 000)	307 384	-	-	307 384	-	-	(307 384)	0.00	0.00
Health	4 200 000	300 000	4 500 000	-	-	4 500 000	7 200	-	(4 492 800)	0.16	0.17
Planning and Development	2 679 265	1 101 938	3 781 203	-	-	3 781 203	1 342 394	-	(2 438 809)	35.50	50.10
Roads and Transport	1 776 000	-	1 776 000	-	-	1 776 000	65 369	-	(1 710 631)	3.68	3.68
Water	745 710 330	332 079 386	1 077 789 716	-	-	1 077 789 716	413 381 706	-	(664 408 010)	38.35	55.43
Other	400 000	(250 000)	150 000	-	-	150 000	-	-	(150 000)	0.00	0.00
Total Capital Expenditure	763 384 979	338 394 294	1 101 779 273	-	-	1 101 779 273	421 925 755	3 832 233	(679 853 518)	38.29	55.27

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Executive and Council:

Vehicles budgeted for were not purchased.

Budget and Treasury Office

Not all furniture and computer equipment budgeted for was bought - delayed and only procured in next financial year.

Corporate Services

Not all furniture and computer equipment budgeted for was bought - delayed and only procured in next financial year.

Community and Social Services:

Classification difference as the library conditional grant is recognised as capital expenditure under budget whilst GRAP identifies and measure every expenditure in the grant establishing asset criteria.

Public Safety:

Building on disaster facility budgeted for did not realise due to insufficient funds to start the project.

Housing:

Non-spending on housing experienced.

Health:

Building of health facility establishment budgeted for was delayed and not spent.

Planning and Development:

Programs anticipated were not fully spent.

Roads and Transport:

Underspending on rural roads grant due to the delay in contracts.

Water:

Classification differences between GRAP and MBRR on classification of MIG expenditure.

Other:

Not spent as anticipated.

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	-	-	-	-	-	-	-	-	-	0.00	0.00
Grants	1 300 493 611	166 201 331	1 466 694 942	-	-	1 466 694 942	1 366 653 743	-	(100 041 199)	93.18	105.09
Service Charges	200 037 086	6 400 000	206 437 086	-	-	206 437 086	121 965 736	-	(84 471 350)	59.08	60.97
Interest Received	34 500 000	6 372 658	40 872 658	-	-	40 872 658	25 194 506	-	(15 678 152)	61.64	73.03
Other Receipts	-	-	-	-	-	-	245 935 494	245 935 494	245 935 494	0.00	0.00
Employee Related Costs	-	-	-	-	-	-	(293 601 651)	-	(293 601 651)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(11 310 100)	-	(11 310 100)	0.00	0.00
Interest Paid	-	-	-	-	-	-	(2 343 214)	-	(2 343 214)	0.00	0.00
Suppliers Paid	(524 280 965)	(47 804 809)	(572 085 774)	-	-	(572 085 774)	22 118 693	594 204 467	594 204 467	0.00	0.00
Other Payments	(34 695 421)	(4 835 332)	(39 530 753)	-	-	(39 530 753)	(816 792 462)	-	(777 261 709)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(815 563 722)	(126 333 852)	(941 897 574)	-	-	(941 897 574)	(651 003 256)	290 894 318	290 894 318	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	(347 500)	-	(347 500)	0.00	0.00
Purchase of Biological Assets	-	-	-	-	-	-	(3 400 864)	-	(3 400 864)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	5 709 299	5 709 299	5 709 299	0.00	0.00
Proceeds on Disposal of Biological Assets	-	-	-	-	-	-	92 336	92 336	92 336	0.00	0.00
Decreases due to Harvest / Sales of Biological Assets	-	-	-	-	-	-	808 306	808 306	808 306	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	1 598 993	1 598 993	1 598 993	0.00	0.00
Cash Flows from/(used in) Financing Activities											
New Loans raised	-	-	-	-	-	-	255 195	255 195	255 195	0.00	0.00
Loans repaid	-	-	-	-	-	-	(674 575)	-	(674 575)	0.00	0.00
Cash and Cash Equivalents at End of the Year	160 490 589	(4)	160 490 585	-	-	160 490 585	10 858 680	1 139 498 408	(149 631 905)	6.77	6.77

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Service Charges

Under-collection of debtors.

Interest Received

Overspending on grants resulting in funds decreasing in bank, generating less interest.

Other Receipts

It was not budgeted for cash inflows from Other Receipts.

Employee Related Costs

Cashflow method used in MBRR not the same as in GRAP. In MBRR the amount is globalised under Suppliers Paid and Other Payments, whilst in GRAP this is being disclosed separately.

Remuneration of Councillors

Cashflow method used in MBRR not the same as in GRAP. In MBRR the amount is globalised under Suppliers Paid and Other Payments, whilst in GRAP this is being disclosed separately.

Interest Paid

Cashflow method used in MBRR not the same as in GRAP. In MBRR the amount is globalised under Suppliers Paid and Other Payments, whilst in GRAP this is being disclosed separately.

Suppliers Paid

Cashflow method used in MBRR not the same as in GRAP. In MBRR the amount is globalised under Suppliers Paid and Other Payments, whilst in GRAP this is being disclosed separately.

Other Payments

Cashflow method used in MBRR not the same as in GRAP. In MBRR the amount is globalised under Suppliers Paid and Other Payments, whilst in GRAP this is being disclosed separately.

Purchase of Property, Plant and Equipment:

The budget includes expenditure that does not meet asset capitalisation criteria.

Purchase of Intangible Assets:

{Give short explanation of the main reason(s) for deviation here}

Proceeds on Disposal of Property, Plant and Equipment:

It was not budgeted for Proceeds on Disposal of Property, Plant and Equipment.

Decrease / (Increase) in Long-term Receivables:

It was not budgeted for Decrease / (Increase) in Long-term Receivables.

New Loans raised:

{Give short explanation of the main reason(s) for deviation here}

Loans repaid:

It was not budgeted for Loans Repaid.

Cash and Cash Equivalents at End of the Year:

Net result of deviations experienced above.

OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2014/15		2013/14
	R		R
Net surplus/(deficit) per the statement of financial performance	191 465 361		461 803 157
Revenue from Non-exchange Transactions			
Revenue for Agency Services	(87 160)		(104 015)
Government Grants and Subsidies Received	87 919 115		(183 144 999)
Public Contributions and Donations	(1 963 863)		-
Revenue from Exchange Transactions			
Service Charges	174 262 843		118 898 966
Rental of Facilities and Equipment	5 295		5 586
Interest Earned - External Investments	1 280 947		(1 854 621)
Interest Earned - Outstanding Debtors	(15 161 598)		(9 006 450)
Other Revenue	151 218 780		86 035 230
Other Gains on Continued Operations	-		(2 916 031)
Gains on Disposal of Property, Plant and Equipment	7 000 000		(418 369)
Expenditure			
Employee Related Costs	(450 053)		12 397 114
Remuneration of Councillors	16 457 660		11 310 100
Depreciation and Amortisation	(521 625)		65 176 189
Impairment Losses	126 326 458		(97 660 747)
Repairs and Maintenance	(14 663 700)		(5 767 024)
Finance Costs	30 804		2 343 214
Bulk Purchases	(1 738 073)		10 375 296
Contracted Services	(4 028 774)		(2 678 351)
Grants and Subsidies Paid	(180 098 998)		(6 416 586)
General Expenses	241 416 519		464 166 404
Other Losses on Continued Operations	1 438 196		525 754
Loss on Disposal of Property, Plant and Equipment	25 922 784		-
Net surplus/deficit per approved budget	806 030 915		923 069 816

OR TAMBO DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2014 and 30 June 2015 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 13.2 on Revenue from Exchange Transactions and Accounting Policy 13.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 9.1 on Financial Assets Classification and Accounting Policy 9.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (*Financial Instruments*).

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1.2.3 Impairment of Financial Assets

Accounting Policy 9.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**
The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 3 and 4 to the Annual Financial Statements.

1.2.4 Fair Value Estimations

As described in Accounting Policies 3.2, 5.2 and 7.2, the municipality subsequently measures its Buildings and Land in terms of the Revaluation Model, and its Investment Property and Biological Assets in terms of the Fair Value Model.

The valuation of assets are based on management's estimation. Management considered the impact of valuation techniques and market information in order to determine the current valuations, and more specific as follows:

- **Buildings and Land** are stated at revalued amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.
- **Investment Property** is measured at fair value amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.
- **Biological Assets:**
The fair value less estimated point-of-sale costs used to value Biological Assets requires management to make certain assumptions which are subject to change. The current assumptions are as follows:
 - Cattle are valued at the prevailing market rates, as determined by breed, genetic merit and age, less point-of-sale costs.
 - Fruit Trees, Harvest and Vegetables are valued by way of arm's length transaction that would have been applied / prevailing in replacing the existing fruit trees, harvest and vegetables with new fruit trees, harvest and vegetables.

1.2.5 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 3.3 and 4.2, the municipality depreciates its Property, Plant & Equipment (excluding Buildings and Land) and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

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1.2.6 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventories

Accounting Policy 8 on Impairment of Assets, Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 11.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash Generating Assets) and GRAP 26 (Impairment of Cash Generating Assets). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Inventory, Property, Plant and Equipment, Intangible Assets, Investment Property, Heritage Assets and Biological Assets are disclosed in Notes 2, 7, 8, 9, 10 and 11 to the Annual Financial Statements, if applicable.

1.2.7 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 11.2.2.

1.2.8 Defined Benefit Plan Liabilities

As described in Accounting Policy 15.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.2.9 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2.10 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis*.

1.5 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

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1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

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

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 105 Transfers between Entities under common control - issued November 2010
- GRAP 106 Transfers between Entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010
- GRAP 108 Statutory Receivables
- IGRAP 17 Service Concession Arrangements where a Grantor controls a significant Residual Interest in an Asset

The Minister of Finance announced that the application of GRAP 25 will be effective for the period starting after 1 April 2013. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- GRAP 20 Related Party Disclosures (Revised)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

The following Standards of GRAP, Interpretations and Directives have been issued and are only effective in the future but have been early adopted by the municipality:

- Directive 11
Changes in Measurement Bases following the Initial Adoption of Standards of GRAP - issued March 2014

The effective date thereof is 1 April 2015, but early application is permitted. The municipality has opted for early application of this Directive as described in the Note to the Annual Financial Statements on "Change in Accounting Policy".

2. NET ASSETS

Included in the Net Assets of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1 Reserves

2.1.1 Revaluation Reserve

The municipality opted for early application of Directive 11 as described in the Note to the Annual Financial Statements on "Change in Accounting Policy", and the Revaluation Reserve has been unbundled accordingly.

2.2 Accumulated Surplus

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3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

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

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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

3.2 Subsequent Measurement

Property, Plant and Equipment, excluding Buildings and Land

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Buildings and Land

During the current year the municipality opted to early adopt the provisions of Directive 11, "*Changes in Measurement Bases following the Initial Adoption of Standards of GRAP*", issued March 2014. Management reviewed its application of the *Revaluation Model* in terms of this Directive and concluded that based on a lack of commercial substance for such revaluations, the more prudent approach for the municipality would be to carry these assets at their cost prices. The municipality has no intention of selling its land and buildings and thus the *Cost Model* would represent the value of all land and buildings more fairly. The change has resulted in the municipality's Annual Financial Statements providing reliable and more relevant information about the value of Buildings and Land, based on the intended use of these assets in line with all valuation method of all other assets.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

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3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			Other	
	Improvements	10 - 30		Bins and Containers	5 - 20
	Infrastructure			Computer Equipment	4 - 5
	Roads and Paving	5 - 67		Emergency Equipment	4 - 20
	Sewerage	5 - 100		Furniture and Fittings	5 - 20
	Storm Water	7 - 100		Motor Vehicles	5 - 15
	Water	5 - 76		Office Equipment	5 - 20
				Plant and Equipment	2 - 20
				Specialist Vehicles	8 - 20
				Other Assets	20

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure Assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure Assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

3.6 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.7 Leased Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3.8 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

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4. INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

- (a) It is technically feasible to complete the Intangible Asset so that it will be available for use;
- (b) Management intends to complete the Intangible Asset and use or sell it;
- (c) There is an ability to use or sell the Intangible Asset;
- (d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
- (e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
- (f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a *Straight-line Basis* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

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Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software	4 - 5			

Intangible Assets are annually tested for impairment as described in Accounting Policy 8 on Impairment of Assets, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

4.3 Derecognition

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

5. INVESTMENT PROPERTY

5.1 Initial Recognition

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

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

The cost of self-constructed Investment Property is the cost at date of completion, including all directly attributable borrowing costs.

Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:

- (a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- (b) Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
- (c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
- (d) A property owned by the municipality and leased out at a below market rental; and
- (e) Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.

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The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- (a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;
- (b) Property being constructed or developed on behalf of third parties;
- (c) Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- (d) Property that is leased to another entity under a finance lease;
- (e) Property held to provide goods and services and also generates cash inflows; and
- (f) Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

5.2 Subsequent Measurement

During the current year the municipality opted to early adopt the provisions of Directive 11, "*Changes in Measurement Bases following the Initial Adoption of Standards of GRAP*", issued March 2014. Management reviewed its application of the *Fair Value Model* in terms of this Directive and concluded that based on a lack of commercial substance for such valuations, the more prudent approach for the municipality would be to carry these assets at their cost prices. The municipality has no intention of selling its land and buildings and thus the *Cost Model* would represent the value of all land and buildings more fairly. The change has resulted in the municipality's Annual Financial Statements providing reliable and more relevant information about the value of Buildings and Land, based on the intended use of these assets in line with all valuation method of all other assets.

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 10 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5.3 Derecognition

An Investment Property shall be derecognised (eliminated from the Statement of Financial Position) on disposal or when the Investment Property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

6. HERITAGE ASSETS

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

6.1 Initial Recognition

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

6.2 Subsequent Measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

6.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

6.4 Transitional Provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of Heritage Assets.

7. BIOLOGICAL ASSETS

A Biological Asset is defined as a living animal or plant. Agricultural Produce is the harvested product of the municipality's Biological Assets.

7.1 Initial Recognition

The cost of an item of Biological Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Biological Assets are initially recognised at fair value less cost to sell on its acquisition date. The fair value of an item of Biological Assets is the transaction price or the market price.

Agricultural Produce is initially recognised at fair value less costs to sell at the date of the harvest. The municipality applies the measurement methods as described in Accounting Policy 11 on Inventories.

7.2 Subsequent Measurement

Subsequently all Biological Assets are measured at fair value less cost to sell on the reporting date. The fair value of an item of Biological Assets is the transaction price or the market price.

A gain or loss arising from the initial recognition of an item of Biological Assets at fair value less cost to sell and from a change in fair value at the reporting date shall be recognised in the Statement of Financial Performance.

A gain or loss arising from the initial recognition of an item of Agricultural Harvest at fair value less estimate point of sale cost at the date of the harvest shall be recognised in the Statement of Financial Performance.

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7.3 Derecognition

The carrying amount of an item of Biological Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Biological Assets is included in the Statement of Financial Performance when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (at fair value) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Biological Assets.

8. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

8.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

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8.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

9. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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The Effective Interest Rate Method

The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

9.1 Financial Assets – Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

- **Financial Assets measured at Amortised Cost** are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the *Effective Interest Rate Method* less a provision for impairment.
- **Financial Assets measured at Fair Value** are financial assets that meet either of the following conditions:
 - (i) Derivatives;
 - (ii) Combined instruments that are designated at fair value;
 - (iii) Instruments held for trading;
 - (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.
- **Financial Assets measured at Cost** are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

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9.2 Financial Liabilities – Classification

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- (i) Financial Liabilities measured at Fair Value;
- (ii) Financial Liabilities measured at Amortised Cost; or
- (iii) Financial Liabilities measured at Cost.

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

9.3 Initial and Subsequent Measurement

9.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost*.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

9.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

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9.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

9.4.1 Financial Assets at Amortised Cost

Accounts Receivable encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value plus transaction costs, and subsequently carried at amortised cost using the *Effective Interest Rate Method*. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

9.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

9.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

9.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

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10. INVESTMENT IN JOINT VENTURES

A Joint Venture is a contractual arrangement whereby the municipality and the other parties undertake an economic activity that is subject to joint control. Interests in jointly controlled entities are stated at cost.

11. INVENTORIES

11.1 Initial Recognition

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

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

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

11.2 Subsequent Measurement

11.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the *First-in-First-out Method* for cost of commodities.

11.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the *First-in-First-out Method*, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

11.2.3 Other Inventories

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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

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12. NON-CURRENT ASSETS HELD-FOR-SALE

The standard on GRAP 100, "*Non-current Assets Held-for-Sale*", has been amended with effect as of the current year. The amendments led to the following changes in the presentation, classification and measurement of Non-current Assets Held-for-Sale:

- (a) Changes to the way in which Non-current Assets Held-for-Sale are measured, applied prospectively at the beginning of the period in which these amendments are adopted; and
- (b) Changes to the way in which Non-current Assets Held-for-Sale are classified and presented in the Statement of Financial Position and accompanying Notes, applied retrospectively by adjusting information for the earliest period presented.

This implies that assets classified as held-for-sale would be reclassified to its original designation (e.g. Property, Plant and Equipment) from the first period presented. The assets will be measured based on its original classification.

As per the transitional provision of this standard, management has assessed the residual values, useful lives, depreciation methods, and any indicators of impairment of the reclassified assets at the beginning of the 2014/15 period and not for prior periods. The reclassification was affected in the comparative figures as required by the transitional arrangements.

13. REVENUE RECOGNITION

13.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from Exchange Transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

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

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

13.2 Revenue from Exchange Transactions

13.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

13.2.2 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a *Straight-line Basis* over the term of the lease agreement.

13.2.3 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

13.2.4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

13.2.5 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

13.2.6 Sale of Goods (including Houses)

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

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

13.3 Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

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13.3.1 Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

13.3.2 Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

13.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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

14. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

15. EMPLOYEE BENEFIT LIABILITIES

15.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

15.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

15.2.1 Defined Contribution Plans

A **Defined Contribution Plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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15.2.2 Defined Benefit Plans

A **Defined Benefit Plan** is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. 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), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the *Projected Unit Credit Method* basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

OR TAMBO DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

16. LEASES

16.1 Classification

Leases are classified as **Finance Leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as **Operating Leases**.

16.2 The Municipality as Lessee

16.2.1 Finance Leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred.

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

16.2.2 Operating Leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a *Straight-line Basis*, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

16.3 Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

OR TAMBO DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

17. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

18. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

19. UNAUTHORISED EXPENDITURE

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

20. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

OR TAMBO DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

23. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

25. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

OR TAMBO DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

26. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

27. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

28. COMPARATIVE INFORMATION

28.1 Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

28.2 Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

28.3 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2014 to 30 June 2015.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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1. GENERAL INFORMATION

OR Tambo District Municipality (the municipality) is a local government institution in Mthatha, Eastern Cape Province, and has 5 local municipalities under its jurisdiction. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

Consumable Stores	14 728 537	17 384 693
Water - at cost	1 133 474	746 822
Total Inventories	15 862 011	18 131 515

The prior year amount for *Inventories* has been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of water production for the year amounted to R6,66 per kilolitre (2014: R4,48 per kilolitre).

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2015			
Service Debtors:	314 630 054	265 725 253	48 904 800
Sewerage	63 193 974	53 957 140	9 236 833
Water	251 436 080	211 768 113	39 667 967
Other Receivables	152 347 303	99 128 814	53 218 488
Total Receivables from Exchange Transactions	466 977 356	364 854 067	102 123 289
As at 30 June 2014			
Service Debtors:	258 371 665	225 315 825	33 055 840
Sewerage	49 871 596	42 814 065	7 057 531
Water	208 500 068	182 501 760	25 998 309
Other Receivables	117 106 831	74 628 373	42 478 458
Total Receivables from Exchange Transactions	375 478 495	299 944 198	75 534 297

The prior year amount for *Receivables from Exchange Transactions* has been reclassified. Refer to Note 42.4 on "Correction of Error" for details of the reclassification.

Other Receivables include outstanding debtors for various other services, e.g. Deposits, Interest, Rentals and Sundry Services like Dumping Fees, Impounding Fees, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2015, the municipality is owed R20 818 988 (30 June 2014: R12 335 545) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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R
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R

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2015

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Sewerage:					
Gross Balances	3 036 201	2 293 911	1 927 988	55 935 874	63 193 974
Less: Provision for Impairment	1 339 227	1 261 870	1 216 887	50 139 156	53 957 140
Net Balances	1 696 974	1 032 041	711 100	5 796 718	9 236 833
Water:					
Gross Balances	11 549 604	10 193 718	9 020 843	220 671 915	251 436 080
Less: Provision for Impairment	4 625 393	4 871 516	5 413 233	196 857 970	211 768 113
Net Balances	6 924 211	5 322 202	3 607 609	23 813 945	39 667 967
Other Receivables:					
Gross Balances	5 317 013	6 255 536	2 657 875	138 116 879	152 347 303
Less: Provision for Impairment	2 892 683	4 051 926	970 959	91 213 247	99 128 814
Net Balances	2 424 330	2 203 611	1 686 916	46 903 632	53 218 488

As at 30 June Receivables of R91 077 774 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	18 743 165	13 606 705	414 724 668	447 074 538
Less: Provision for Impairment	10 185 312	7 601 080	338 210 373	355 996 764
Net Balances	8 557 854	6 005 625	76 514 295	91 077 774

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Sewerage:					
Gross Balances	2 452 876	1 572 647	1 378 580	44 467 493	49 871 596
Less: Provision for Impairment	1 092 043	895 038	873 824	39 953 161	42 814 065
Net Balances	1 360 833	677 609	504 756	4 514 333	7 057 531
Water:					
Gross Balances	8 264 856	6 910 899	7 319 461	186 004 853	208 500 068
Less: Provision for Impairment	3 981 842	4 158 818	4 964 336	169 396 764	182 501 760
Net Balances	4 283 014	2 752 081	2 355 125	16 608 089	25 998 309
Other Receivables:					
Gross Balances	2 624 220	2 662 327	2 592 272	109 228 011	117 106 831
Less: Provision for Impairment	2 348 480	2 304 122	2 308 085	67 667 686	74 628 373
Net Balances	275 740	358 205	284 187	41 560 324	42 478 458

As at 30 June Receivables of R69 614 710 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	11 145 873	11 290 313	339 700 357	362 136 544
Less: Provision for Impairment	7 357 978	8 146 245	277 017 611	292 521 834
Net Balances	3 787 895	3 144 068	62 682 746	69 614 710

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
3.2 Summary of Receivables from Exchange Transactions by Customer Classification		
Household R	Industrial/ Commercial R	National and Provincial Government R
R	R	R
As at 30 June 2015		
<i>Current:</i>		
0 - 30 days	9 680 185	3 476 717
<i>Past Due:</i>		
31 - 60 Days	10 595 571	3 212 942
61 - 90 Days	7 181 765	2 776 170
+ 90 Days	354 060 799	43 095 428
Sub-total	381 518 320	52 561 257
Less: Provision for Impairment	317 630 223	39 637 037
Total Trade Receivables by Customer Classification	63 888 097	12 924 220

Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2014			
<i>Current:</i>			
0 - 30 days	6 890 482	2 871 199	1 676 341
<i>Past Due:</i>			
31 - 60 Days	6 779 739	2 256 353	1 271 487
61 - 90 Days	7 405 883	2 023 682	1 141 670
+ 90 Days	291 183 046	34 562 007	8 246 047
Sub-total	312 259 149	41 713 241	12 335 545
Less: Provision for Impairment	268 914 739	31 029 459	-
Total Trade Receivables by Customer Classification	43 344 410	10 683 782	9 170 561

	2015 R	2014 R
3.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	299 944 198	276 604 945
Impairment Losses recognised	64 909 869	27 891 425
Impairment Losses reversed	-	(4 552 172)
Balance at end of year	364 854 067	299 944 198

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

3.4 Ageing of impaired Receivables from Exchange Transactions

<i>Current:</i>	
0 - 30 Days	8 857 303
<i>Past Due:</i>	
31 - 60 Days	10 185 312
61 - 90 Days	7 601 080
+ 90 Days	338 210 373
Total	364 854 067

3.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2015		
Payments made in Advance	32 315 400	-
Grant Expenditure	82 961 653	82 961 653
Short-term Loans	988 688	-
Sundry Debtors	12 200 406	678 654
Other Control Accounts	32 635	-
	<u>128 498 782</u>	<u>83 640 307</u>
Total Receivables from Non-exchange Transactions	128 498 782	83 640 307
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2014		
Payments made in Advance	40 040 566	-
Grant Expenditure	82 942 479	82 942 479
Short-term Loans	54 945	-
Sundry Debtors	4 399 705	749 273
Other Control Accounts	1 047 693	-
	<u>128 485 388</u>	<u>83 691 752</u>
Total Receivables from Non-exchange Transactions	128 485 388	83 691 752

The prior year amount for *Receivables from Non-exchange Transactions* has been reclassified. Refer to Note 42.4 on "Correction of Error" for details of the reclassification.

Short-term Loans mainly comprise temporary advances made to local municipalities which are repayable within 12 months.

Sundry Deposits are in respect of cash deposits made to Caltex for the supply of fuel and uMgungundlovu District Municipality for the supply of water.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R

2014
R

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2015

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Payments made in Advance:					
Gross Balances	32 315 400	-	-	-	32 315 400
Less: Provision for Impairment	-	-	-	-	-
Net Balances	32 315 400	-	-	-	32 315 400
Grant Expenditure:					
Gross Balances	82 961 653	-	-	-	82 961 653
Less: Provision for Impairment	82 961 653	-	-	-	82 961 653
Net Balances	-	-	-	-	-
Short-term Loans:					
Gross Balances	988 688	-	-	-	988 688
Less: Provision for Impairment	-	-	-	-	-
Net Balances	988 688	-	-	-	988 688
Sundry Debtors:					
Gross Balances	12 200 406	-	-	-	12 200 406
Less: Provision for Impairment	678 654	-	-	-	678 654
Net Balances	11 521 752	-	-	-	11 521 752
Suspense Accounts:					
Gross Balances	32 635	-	-	-	32 635
Less: Provision for Impairment	-	-	-	-	-
Net Balances	32 635	-	-	-	32 635

As at 30 June Receivables of R0 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	-	-	-	-
Less: Provision for Impairment	-	-	-	-
Net Balances	-	-	-	-

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R			2014 R	
As at 30 June 2014					
	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Payments made in Advance:					
Gross Balances	40 040 566	-	-	-	40 040 566
Less: Provision for Impairment	-	-	-	-	-
Net Balances	40 040 566	-	-	-	40 040 566
Accruals:					
Gross Balances	82 942 479	-	-	-	82 942 479
Less: Provision for Impairment	82 942 479	-	-	-	82 942 479
Net Balances	-	-	-	-	-
Short-term Loans:					
Gross Balances	54 945	-	-	-	54 945
Less: Provision for Impairment	-	-	-	-	-
Net Balances	54 945	-	-	-	54 945
Sundry Debtors:					
Gross Balances	4 399 705	-	-	-	4 399 705
Less: Provision for Impairment	749 273	-	-	-	749 273
Net Balances	3 650 432	-	-	-	3 650 432
Suspense Accounts:					
Gross Balances	1 047 693	-	-	-	1 047 693
Less: Provision for Impairment	-	-	-	-	-
Net Balances	1 047 693	-	-	-	1 047 693

As at 30 June Receivables of R0 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
All Receivables:				
Gross Balances	-	-	-	-
Less: Provision for Impairment	-	-	-	-
Net Balances	-	-	-	-

	2015 R	2014 R
4.2 Reconciliation of Provision for Impairment		
Balance at beginning of year	83 691 752	83 691 752
Impairment Losses recognised	-	-
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(51 445)	-
Balance at end of year	83 640 307	83 691 752

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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In determining the recoverability of Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable.

The following Loans and Receivables are included in the total amount of the Provision for Impairment:

Government Subsidy Claims	82 961 653	82 961 653
Sundry Debtors	678 654	730 099
Total Provision for Impairment on Receivables from Non-exchange Transactions	83 640 307	83 691 752

5. VAT RECEIVABLE

Vat Receivable	47 364 274	53 590 223
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The prior year amount for *VAT Receivable* has been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

6. CASH AND CASH EQUIVALENTS

Current Investments	265 983 012	142 579 981
Bank Accounts	31 932 720	61 362 691
Total Cash and Cash Equivalents	297 915 732	203 942 672

The prior year amount for *Cash and Cash Equivalents* has been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Call Deposits	265 983 012	142 579 981
Total Current Investment Deposits	265 983 012	142 579 981

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5,25 % to 6,00 % (2014: 4,50% to 5,00%) per annum.

Deposits attributable to Unspent Conditional Grants	4 110 015	26 221 827
Deposits attributable to Creditors	261 872 997	116 358 154
Total Deposits attributable to Commitments of the Municipality	265 983 012	142 579 981

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
6.2 Bank Accounts		
Cash in Bank	31 932 720	61 362 691
Total Bank Accounts	31 932 720	61 362 691

The Municipality has the following bank accounts:

Primary Bank Account

First National Bank - York Road Branch, Mthatha - Account Number 539 9013 7772:

Cash book balance at beginning of year	61 362 691	11 244 822
Cash book balance at end of year	31 932 720	61 362 691
Bank statement balance at beginning of year	64 118 850	244 251 261
Bank statement balance at end of year	53 177 018	64 118 850

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2015

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Other	Leased Infra-structure	Total
	R	R	R	R	R	R
Carrying values at 01 July 2014	20 582 240	63 178 044	3 977 975 657	69 681 440	337 620	4 131 755 001
Cost	20 582 240	82 111 534	5 778 241 277	104 255 206	375 105	5 985 565 363
- Completed Assets	20 582 240	82 111 534	4 785 255 193	104 255 206	375 105	4 992 579 279
- Under Construction	-	-	992 986 084	-	-	992 986 084
Correction of error (Note 42)	-	-	-	-	-	-
Revaluation	-	(0)	-	-	-	(0)
Accumulated Impairment Losses	-	-	(0)	-	-	(0)
Accumulated Depreciation:	-	(18 933 490)	(1 800 265 621)	(34 573 766)	(37 485)	(1 853 810 362)
- Cost	-	(18 933 490)	(1 800 265 621)	(34 573 766)	(37 485)	(1 853 810 362)
- Revaluation	-	(0)	-	-	-	(0)
Acquisitions	-	-	2 608 131	11 092 398	-	13 700 529
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	419 768 160	-	-	419 768 160
- Cost	-	-	419 768 160	-	-	419 768 160
- Borrowing Costs Capitalised	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	(3 487 176)	(143 182 405)	(12 564 889)	(106 680)	(159 341 150)
- Based on Cost	-	(3 487 176)	(143 182 405)	(12 564 889)	(106 680)	(159 341 150)
- Based on Revaluation	-	0	-	-	-	0
Carrying value of Disposals:	-	-	(25 922 784)	-	-	(25 922 784)
- Cost	-	-	(87 586 815)	-	-	(87 586 815)
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	61 664 032	-	-	61 664 032
- Based on Cost	-	-	61 664 032	-	-	61 664 032
- Based on Revaluation	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	(107 659 973)	-	-	(107 659 973)
Capital under Construction - Completed	-	-	(111 987 129)	-	-	(111 987 129)
Other Movements	-	-	111 987 129	-	-	111 987 129
- Cost	-	-	111 987 129	-	-	111 987 129
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Carrying values at 30 June 2015	20 582 240	59 690 868	4 123 586 786	68 208 949	230 940	4 272 299 783
Cost	20 582 240	82 111 534	6 113 030 753	115 347 604	375 105	6 331 447 236
- Completed Assets	20 582 240	82 111 534	4 812 263 638	115 347 604	375 105	5 030 680 122
- Under Construction	-	-	1 300 767 115	-	-	1 300 767 115
Revaluation	-	(0)	-	-	-	(0)
Accumulated Impairment Losses	-	-	(107 659 973)	-	-	(107 659 973)
Accumulated Depreciation:	-	(22 420 666)	(1 881 783 994)	(47 138 655)	(144 165)	(1 951 487 480)
- Cost	-	(22 420 666)	(1 881 783 994)	(47 138 655)	(144 165)	(1 951 487 480)
- Revaluation	-	0	-	-	-	0

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2014

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Other	Leased Infra-structure	Total
	R	R	R	R	R	R
Carrying values at 01 July 2013	20 582 240	66 575 060	3 547 256 032	75 023 334	356 363	3 709 793 030
Cost	20 582 240	82 111 534	5 141 712 349	110 713 314	375 105	5 355 494 543
- Completed Assets	20 582 240	80 516 673	4 546 187 052	110 713 314	375 105	4 758 374 385
- Under Construction	-	1 594 861	595 525 297	-	-	597 120 158
Correction of error (Note 42)	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	(0)	-	-	(0)
Accumulated Depreciation:	-	(15 536 474)	(1 594 456 317)	(35 689 980)	(18 742)	(1 645 701 513)
- Cost	-	(15 536 474)	(1 594 456 317)	(35 689 980)	(18 742)	(1 645 701 513)
- Revaluation	-	(0)	-	-	-	(0)
Acquisitions	-	-	100 717 668	14 474 329	-	115 191 997
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	535 811 259	-	-	535 811 259
- Cost	-	-	535 811 259	-	-	535 811 259
- Borrowing Costs Capitalised	-	-	-	-	-	-
Increases in Revaluation	-	(0)	-	-	-	(0)
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	(3 397 016)	(205 809 304)	(14 525 294)	(18 742)	(223 750 356)
- Based on Cost	-	(3 397 016)	(205 809 304)	(14 525 294)	(18 742)	(223 750 356)
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	(5 290 930)	-	(5 290 930)
- Cost	-	-	-	(20 932 437)	-	(20 932 437)
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	15 641 507	-	15 641 507
- Based on Cost	-	-	-	15 641 507	-	15 641 507
- Based on Revaluation	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	(1 594 861)	(138 350 473)	-	-	(139 945 334)
Other Movements	-	1 594 861	138 350 473	-	-	139 945 334
- Cost	-	1 594 861	138 350 473	-	-	139 945 334
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Carrying values at 30 June 2014	20 582 240	63 178 044	3 977 975 657	69 681 440	337 620	4 131 755 001
Cost	20 582 240	82 111 534	5 778 241 277	104 255 206	375 105	5 985 565 363
- Completed Assets	20 582 240	82 111 534	4 785 255 193	104 255 206	375 105	4 992 579 279
- Under Construction	-	-	992 986 084	-	-	992 986 084
Revaluation	-	(0)	-	-	-	(0)
Accumulated Impairment Losses	-	-	(0)	-	-	(0)
Accumulated Depreciation:	-	(18 933 490)	(1 800 265 621)	(34 573 766)	(37 485)	(1 853 810 362)
- Cost	-	(18 933 490)	(1 800 265 621)	(34 573 766)	(37 485)	(1 853 810 362)
- Revaluation	-	(0)	-	-	-	(0)

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, Plant and Equipment have been restated to classify amounts held for Land and Buildings Assets in terms of the *Cost Model* in terms of GRAP 17, previously recorded in terms of the *Revaluation Model*. Refer to Note 41.1 on "Change in Accounting Policy" for details of the restatement.

The prior year amount for *Property, Plant and Equipment* has been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

Other movements of *Property, Plant and Equipment* are in respect of Work-in-Progress completed and transferred to Cost.

The leased *Property, Plant and Equipment* is secured as set out in Note 18.

Refer to Appendices "B, C and E (4)" for more detail on *Property, Plant and Equipment*, including those in the course of construction.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R

2014
R

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

7.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

7.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year.

7.3 Assets pledged as security

The municipality did not pledge any of its assets as security.

The municipality's obligations under Finance Leases (see Note 18) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.

7.4 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R107 659 973 (2014: R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 32.

The amount 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:

Infrastructure: Sewerage	898 486	-
Infrastructure: Water	106 761 488	-
Total Impairment of Property, Plant and Equipment	107 659 973	-

Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant and idle.

7.5 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

7.6 Revaluation Surplus

Revaluation Surplus has been restated to account for Land and Building Assets held by the municipality in terms of the *Cost Model*. Refer to Note 41.1 on "Change in Accounting Policy" for details of the restatement.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014	
	R	R	
8 INTANGIBLE ASSETS			
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	1 168 369	2 196 180	
The movement in Intangible Assets is reconciled as follows:			
	Computer Software	Ward Based Database	Total
Carrying values at 01 July 2014	747 793	1 448 388	2 196 180
Cost	2 071 433	5 797 519	7 868 952
Accumulated Amortisation	(1 323 641)	(4 349 131)	(5 672 772)
Acquisitions:	-	-	-
Purchased	-	-	-
Amortisation:	(303 617)	(724 194)	(1 027 811)
Purchased	(303 617)	(724 194)	(1 027 811)
Carrying values at 30 June 2015	444 175	724 194	1 168 369
Cost	2 071 433	5 797 519	7 868 952
Accumulated Amortisation	(1 627 258)	(5 073 325)	(6 700 583)
	Computer Software	Ward Based Database	Total
Carrying values at 01 July 2013	868 324	2 896 775	3 765 099
Cost	1 723 933	5 797 519	7 521 452
Accumulated Amortisation	(855 610)	(2 900 744)	(3 756 353)
Acquisitions:	347 500	-	347 500
Purchased	347 500	-	347 500
Amortisation:	(468 031)	(1 448 388)	(1 916 419)
Purchased	(468 031)	(1 448 388)	(1 916 419)
Carrying values at 30 June 2014	747 793	1 448 388	2 196 180
Cost	2 071 433	5 797 519	7 868 952
Accumulated Amortisation	(1 323 641)	(4 349 131)	(5 672 772)

The prior year amount for *Intangible Assets* has been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

8.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

- (i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R

2014
R

8.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

8.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

9 INVESTMENT PROPERTY

At Cost less Accumulated Depreciation

2 200 000 2 200 000

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July

2 200 000 **2 200 000**

Cost

2 200 000	2 200 000
-----------	-----------

Accumulated Depreciation

-	-
---	---

Acquisitions during the Year

- -

Depreciation during the Year

- -

Carrying values at 30 June

2 200 000 **2 200 000**

Cost

2 200 000	2 200 000
-----------	-----------

Accumulated Depreciation

-	-
---	---

Estimated Fair Value of Investment Property at 30 June

2 200 000 2 200 000

Investment Property has been restated to classify amounts held for Land and Buildings Assets in terms of the Cost Model in terms of GRAP 16, previously recorded in terms of the Fair Value Model. Refer to Note 41.1 on "Change in Accounting Policy" for details of the restatement.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

9.1 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
10 HERITAGE ASSETS		
At Cost less Accumulated Impairment Losses	90 000	90 000
The movement in Heritage Assets is reconciled as follows:		
	Public Statues	Total
Carrying values at 01 July 2014	90 000	90 000
Cost	90 000	90 000
Accumulated Impairment	-	-
Acquisitions	-	-
Impairment Losses Recognised	-	-
Carrying values at 30 June 2015	90 000	90 000
Cost	90 000	90 000
Accumulated Impairment Losses	-	-
	Public Statues	Total
Carrying values at 01 July 2013	90 000	90 000
Cost	90 000	90 000
Accumulated Impairment	-	-
Acquisitions	-	-
Impairment Losses Recognised	-	-
Carrying values at 30 June 2014	90 000	90 000
Cost	90 000	90 000
Accumulated Impairment Losses	-	-

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

10.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

10.2 Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	R	R
11 BIOLOGICAL ASSETS		
At Fair Value	<u>14 636 898</u>	<u>16 101 264</u>

The municipality's Biological Assets consist of a Plantation of Fruit Trees and Cattle.

The movement in Biological Assets is reconciled as follows:

	Trees in Plantation	Cattle	Total
Carrying values at 01 July 2014	9 672 500	6 428 764	16 101 264
Cost / Fair Value	9 672 500	6 428 764	16 101 264
Acquisitions through Non-exchange Transactions	-	751 344	751 344
Gains from Changes in Fair Value	-	-	-
Decreases due to Harvest / Sales	-	(209 483)	(209 483)
Disposals during the Year:	-	(443 832)	(443 832)
At Cost / Fair Value	-	(443 832)	(443 832)
Losses from Changes in Fair Value	-	(1 438 196)	(1 438 196)
Transfers during the Year:	(484 000)	359 800	(124 200)
At Cost / Fair Value	(484 000)	359 800	(124 200)
Carrying values at 30 June 2015	9 188 500	5 448 398	14 636 898
Cost / Fair Value	9 188 500	5 448 398	14 636 898
	Trees in Plantation	Cattle	Total
Carrying values at 01 July 2013	3 981 600	5 862 540	9 844 140
Cost / Fair Value	3 981 600	5 862 540	9 844 140
Acquisitions through Non-exchange Transactions	2 789 150	611 714	3 400 864
Gains from Changes in Fair Value	2 901 750	14 281	2 916 031
Decreases due to Harvest / Sales	-	(808 306)	(808 306)
Disposals during the Year:	-	(92 336)	(92 336)
At Cost / Fair Value	-	(92 336)	(92 336)
Losses from Changes in Fair Value	-	(525 754)	(525 754)
Transfers during the Year:	-	1 366 625	1 366 625
At Cost / Fair Value	-	1 366 625	1 366 625
Carrying values at 30 June 2014	9 672 500	6 428 764	16 101 264
Cost / Fair Value	9 672 500	6 428 764	16 101 264

All of the municipality's Biological Assets are held under freehold interests and no Biological Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Biological Assets of the municipality.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R **2014**
R

Fruit Trees in Plantation and livestock classified as Bearer Biological Assets at carrying value are made up as follows:

	Actual Count			
	2015	2014		
Trees in Plantation	18 377	19 345	9 188 500	9 672 500
Cattle	1 207	1 139	5 448 398	6 428 764
Total gain / (loss) on initial recognition	19 584	20 484	14 636 898	16 101 264

Bearer Biological Assets are those biological assets that are used repeatedly or continuously for more than one year in an agricultural activity.

At 30 June 2015 livestock held for sale comprised 1 207 cattle (2014: 1 139 cattle). During the year the municipality sold 202 cattle (2014: 181 cattle).

11.1 Biological Assets carried at Fair Value

The municipality's Biological Assets is valued annually at 30 June at fair value by an independent, professionally qualified, valuator. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar assets.

12 LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2015			
Other Loans	296 807	-	296 807
	296 807	-	296 807
Less: Current Portion transferred to Current Receivables:-			-
Other Loans			-
Total Long-term Receivables			296 807
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Other Loans	117 285	-	117 285
	117 285	-	117 285
Less: Current Portion transferred to Current Receivables:-			-
Other Loans			-
Total Long-term Receivables			117 285

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.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015 **2014**
R **R**

12.1 Ageing of Long-term Receivables

Current:

0 - 30 days

Past Due:

31 - 60 Days

61 - 90 Days

91 - 120 Days

+ 120 Days

Total

-	-
-	-
-	-
-	-
296 807	117 285
296 807	117 285

As at 30 June Long-term Receivables of R296 807 (2014: R117 285) were past due but not impaired. No terms for payment have been re-negotiated. The age analysis of these Long-term Receivables is as follows:

31 - 60 Days

61 - 90 Days

+ 90 Days

+ 120 Days

Total

-	-
-	-
-	-
296 807	117 285
296 807	117 285

13 CONSUMER DEPOSITS

Water

Total Consumer Deposits

2 065 078	1 672 042
2 065 078	1 672 042

Consumer Deposits are paid by consumers on application for new water connections. The deposits are repaid when the water 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 or accrued on Consumer Deposits held.

14 PROVISIONS

Current Portion of Long-term Service Liability (See Note 19)

Total Provisions

2 271 547	1 335 242
2 271 547	1 335 242

The movement in provisions are reconciled as follows:

Current Portion of Long-term Service Liability:

Balance at beginning of year

Transfer from non-current

Expenditure incurred

Balance at end of year

1 335 242	1 803 206
2 271 547	1 335 241
(1 335 242)	(1 803 205)
2 271 547	1 335 242

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
15 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors and Other Payables	362 101 084	340 903 462
Short-term Staff Benefits	41 808 667	33 504 959
	403 909 751	374 408 420
Made up as follows:		
Payments Received in Advance	4 061 524	4 727 478
Trade Creditors	155 182 867	168 446 812
Retentions	68 432 344	23 043 426
Staff Bonuses	7 132 395	5 681 399
Staff Leave	34 676 273	27 823 560
Other Creditors	90 635 741	108 846 978
VAT Accrued Account	43 788 607	35 838 768
Total Payables	403 909 751	374 408 420

The prior year amount for *Payables from Exchange Transactions* has been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

Staff Bonuses accrue to the staff of the entity on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

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

The average credit period on purchases is 164 (2014: 133) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

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.

16 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Salaries Control Accounts	303 973	347 703
Total Payables	303 973	347 703

The prior year amount for *Payables from Non-exchange Transactions* has been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

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

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
17.1 Conditional Grants from Government	4 110 015	26 221 827
National Government Grants	4 110 015	19 737 379
Provincial Government Grants	0	6 484 448
Total Conditional Grants and Receipts	4 110 015	26 221 827

The prior year amount for *Unspent Conditional Grants and Receipts* has been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

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

See Note 23 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.

18 LONG-TERM LIABILITIES

The municipality did not have any liabilities to be classified as Long-term Liabilities in terms of its Accounting Policies and Cash Management Policy at year-end.

Finance Lease Liabilities	104 859	768 362
Sub-total	104 859	768 362
Less: Current Portion transferred to Current Liabilities:-	84 423	663 503
Finance Lease Liabilities	84 423	663 503
Total Long-term Liabilities (Neither past due, nor impaired)	20 436	104 859

The prior year amounts for *Long-term Liabilities* and its Current Portion have been adjusted. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

18.1 Summary of Arrangements

Finance Lease Liabilities relates to Office Equipment with lease terms of 2 (2014: 3) years. The effective interest rate on Finance Leases is between 16.77% and 28.11% (2014: 16.77% and 35.38%). Capitalised Lease Liabilities are secured over the items of equipment leased.

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

18.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 2 years (2014: 3 years). The effective interest rate on Finance Leases is between 16.77% and 28.11% (2014: 16.77% and 35.38%).

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.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R 2014
R

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2015 R	2014 R	2015 R	2014 R
Amounts payable under finance leases:				
Within one year	97 006	761 862	84 423	663 503
In the second to fifth years, inclusive	22 340	119 347	20 436	104 859
Over five years	-	-	-	-
	119 347	881 209	104 859	768 362
Less: Future Finance Obligations	14 488	112 846		
Present Value of Minimum Lease Obligations	104 859	768 362	104 859	768 362
Less: Amounts due for settlement within 12 months (Current Portion)			84 423	663 503
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			20 436	104 859

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

- Office Equipment

Included in these classes are the following significant leases:

(i) Photocopiers	R 119 347	R 881 209
- Instalments are payable quarterly in advance		
- Average period outstanding	8 Months	13 Months
- Average effective interest rate	25.90%	25.20%
- Average monthly instalment	R 783.90	R 1 408.72

18.3 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.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
19 EMPLOYEE BENEFIT LIABILITIES		
Long Service Awards Liability	12 509 800	11 069 741
Total Employee Benefit Liabilities	12 509 800	11 069 741
19.1 Long Service Awards Liability		
Balance at beginning of year	11 069 741	8 117 136
Contributions to provision	3 711 606	4 287 846
Balance at end of Year	14 781 347	12 404 982
Transfer to Current Provisions	(2 271 547)	(1 335 241)
Total Long Service Awards Liability	12 509 800	11 069 741

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Bonus Award is payable after 5 years of continuous service, and every 5 years of continuous service thereafter to 45 years, 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 2015 by Mr C Weiss, 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, 813 (2014: 849) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2015 is estimated to be R1 820 769, whereas the cost for the ensuing year is estimated to be R1 891 630 (30 June 2014: R1 578 657 and R1 820 769 respectively).

	2015 R	2014 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	7.66%	7.81%
Cost Inflation Rate	6.94%	7.05%
Net Effective Discount Rate	0.67%	0.71%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	12 404 982	9 920 342
Current service costs	1 820 769	1 578 657
Interest cost	917 244	476 776
Benefits paid	(1 335 241)	(1 803 206)
Actuarial losses / (gains)	973 593	2 232 413
Total Recognised Benefit Liability	14 781 347	12 404 982

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

Present value of fund obligations	14 781 347	12 404 982
Unfunded Accrued Liability	14 781 347	12 404 982
Total Benefit Liability	14 781 347	12 404 982

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

Current service cost	1 820 769	1 578 657
Interest cost	917 244	476 776
Actuarial losses / (gains)	973 593	2 232 413
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	3 711 606	4 287 846

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R	2013 R	2012 R	2011 R
The history of experienced adjustments is as follows:					
	2015 R	2014 R	2013 R	2012 R	2011 R
Present Value of Defined Benefit Obligation	14 781 347	12 404 982	9 920 342	9 280 898	8 115 545
Deficit	<u>14 781 347</u>	<u>12 404 982</u>	<u>9 920 342</u>	<u>9 280 898</u>	<u>8 115 545</u>
Experienced adjustments on Plan Liabilities	928 741	1 034 082	-	111 269	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2015 R	2014 R
Increase:		
Effect on the aggregate of the current service cost and the interest cost	183 838	-
Effect on the defined benefit obligation	800 165	699 976
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(167 135)	-
Effect on the defined benefit obligation	(735 815)	(642 449)

The municipality expects to make a contribution of R2 937 988 (2014: R2 738 013) to the defined benefit plans during the next financial year.

20 RESERVES

Revaluation Reserve	(0)	(0)
Total Reserves	<u>(0)</u>	<u>(0)</u>

The Revaluation Reserve has been restated to adhere to the disclosure provisions for property under the "Cost Model". Refer to Note 41.1 on "Change in Accounting Policy" for details of the restatement.

21 ACCUMULATED SURPLUS

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

Accumulated Surplus / (Deficit) due to the results of Operations	4 373 540 615	4 132 628 737
Total Accumulated Surplus	<u>4 373 540 615</u>	<u>4 132 628 737</u>

Accumulated Surplus has been restated to correctly classify amounts held by the municipality. Refer to Note 42.1 "Correction of Error" for details of the restatements.

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

22 INCOME FROM AGENCY SERVICES

Commission	87 160	104 015
Total Income from Agency Services	<u>87 160</u>	<u>104 015</u>

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
23 GOVERNMENT GRANTS AND SUBSIDIES		
National Equitable Share	548 918 965	493 737 962
Other Subsidies	(2 985 908)	622 912 848
Operational Grants	545 933 057	1 116 650 810
Conditional Grants	643 220 502	419 083 808
National: EPWP	13 005 305	5 870 000
National: FMG	1 479 716	1 480 826
National: MIG	531 246 864	369 650 873
National: MSIG	934 000	890 000
National: Municipal Water Infrastructure Grant	79 147 518	14 828 751
National: Department Health	1 212 881	785 763
National: Department Roads and Transport	2 362 755	2 329 543
National: Department Sport and Heritage	2 808 599	1 010 635
National: Department Water Affairs (DWA)	9 271 857	13 000 000
National: Other Government Departments	1 751 007	8 355 003
Provincial: Department Economic Affairs	-	882 414
Total Government Grants and Subsidies	1 189 153 558	1 535 734 618
23.1 Calculation of Cash Flow:		
Government Grants and Subsidies Income	1 189 153 558	1 535 734 618
Opening Balance of Unspent Government Grants	(26 221 827)	(195 302 702)
Closing Balance of Unspent Government Grants	4 110 015	26 221 827
Total Receipts for Government Grants and Subsidies	1 167 041 747	1 366 653 743
The prior year amount for <i>Government Grants and Subsidies</i> has been adjusted. Refer to Note 42.2 on "Correction of Error" for details of the restatement.		
Operational Grants:		
23.2 National: Equitable Share	548 918 965	493 737 962
In terms of the Constitution, this grant is used to subsidise the provision of basic services to the communities in the district. All water supply customers receive a monthly allocation of free water. This translates into a subsidy of R106,76 (2014: R100,72) per month towards the consumer account, which subsidy is determined annually by council. Furthermore, the municipality carts water to the urban and rural areas in the district as part of service delivery. No funds have been withheld.		
Conditional Grants:		
23.3 National: EPWP Grant		
Balance unspent at beginning of year	(0)	(0)
Current year receipts	12 994 000	5 870 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(13 005 305)	(5 870 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	11 305	-
Conditions still to be met - transferred to Liabilities (see Note 17)	0	(0)

The Expanded Public Works Programme Grant was allocated to the municipality for environmental and water infrastructure projects. No funds have been withheld.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
23.4 National: FMG Grant		
Balance unspent at beginning of year	0	0
Current year receipts	1 500 000	1 500 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 479 716)	(1 480 826)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(20 284)	(19 174)
Conditions still to be met - transferred to Liabilities (see Note 17)	0	0

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

23.5 National: MIG Funds

Balance unspent at beginning of year	-	163 091 766
Current year receipts	604 371 000	648 134 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(173 125 068)	(369 650 873)
Conditions met - transferred to Revenue: Capital Expenses	(358 121 795)	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	(441 574 892)
Other Adjustments/Refunds	(73 124 136)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	-

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, sports fields and community halls as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.

In terms of MFMA Circular No 48 all conditional allocations (excluding interest earned thereon) that at year-end are not utilised, must revert back to the National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects. Management reports that at year end the municipality had applied to National Treasury for a roll forward of all unspent conditional grants not committed to identifiable projects. National Treasury has, subsequent to year-end, approved the roll-over.

23.6 National: MSIG Funds

Balance unspent at beginning of year	(0)	(0)
Current year receipts	934 000	890 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(934 000)	(890 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	(0)	(0)

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

23.7 National: Municipal Water Infrastructure Grant (MWIG)

Balance unspent at beginning of year	57 249	-
Current year receipts	89 442 000	14 886 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(79 147 518)	(14 828 751)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(10 351 731)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	57 249

This grant was received for the building and maintenance of libraries in the district. No funds have been withheld.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
23.8 National: Department Cooperative Government and Traditional Affairs (COGTA)		
Balance unspent at beginning of year	4 413 212	4 413 212
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(4 413 212)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	4 413 212

This grant was allocated to provide access to modern day technology and information resources; and relevant collections of library materials which meet the needs of the communities. No funds have been withheld.

23.9 National: Department Health

Balance unspent at beginning of year	2 477 433	3 263 197
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 212 881)	(785 763)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(1 264 553)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	2 477 433

This grant was allocated for the funding of various housing projects to assist the indigent communities. No funds have been withheld.

23.10 National: Department Minerals and Energy

Balance unspent at beginning of year	150 000	150 000
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(150 000)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	150 000

Expenses were incurred for the electrification of households in the community. No funds have been withheld.

23.11 National: Department Roads and Transport

Balance unspent at beginning of year	930 271	969 814
Current year receipts	2 686 000	2 290 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(2 362 755)	(2 329 543)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(1 253 516)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	930 271

This grant was allocated to assist the municipality to set up a Call Centre. No funds have been withheld.

23.12 National: Department Sport and Heritage

Balance unspent at beginning of year	5 309 671	5 293 306
Current year receipts	-	1 027 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(2 808 599)	(1 010 635)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(2 501 072)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	5 309 671

This grant was received for the building and maintenance of libraries in the district. No funds have been withheld.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	R	R
23.13 National: Department Water Affairs (DWA)		
Balance unspent at beginning of year	(0)	(0)
Current year receipts	10 000 000	13 000 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(9 271 857)	(13 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(728 143)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>(0)</u>	<u>(0)</u>

This grant was used for the operation and maintenance of sewerage and water schemes transferred from DWA to the municipality, the refurbishment of water infrastructure, the Olifants River Water Resource project and the payment of salaries of staff transferred from DWA. An amount of R18 454 000 (2012: R0) has been withheld.

23.14 National: Other Government Departments

Balance unspent at beginning of year	6 399 543	10 754 546
Current year receipts	4 500 000	4 000 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 751 007)	(8 355 003)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(5 038 520)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>4 110 015</u>	<u>6 399 543</u>

This grant was received to support the municipality in the improvement of its financial administration. No funds have been withheld.

23.15 Provincial: Department Economic Affairs

Balance unspent at beginning of year	978 349	1 860 763
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(882 414)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(978 349)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>978 349</u>

This grant was received to assist in local economic development and the promotion of tourism. No funds have been withheld.

23.16 Provincial: Department Human Settlements

Balance unspent at beginning of year	2 150 887	2 150 887
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(2 150 887)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>2 150 887</u>

This grant is a contribution towards addressing HIV/AIDS issues in the areas of the local municipalities in the district and was used for the purchase of drugs, home-based care kits, etc. No funds have been withheld.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R

2014
R

23.17 Provincial: Other Government Departments

Balance unspent at beginning of year	3 355 212	3 355 212
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(3 355 212)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>3 355 212</u>

The Transport Grant was allocated for the maintenance of proclaimed roads in the jurisdiction area of the municipality. No funds have been withheld.

23.18 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2015), government grant funding is expected to increase over the forthcoming three financial years.

24 PUBLIC CONTRIBUTIONS AND DONATIONS

Conditional Contributions:	-	-
Unconditional Contributions	-	-
Other Donations	1 963 863	-
Total Public Contributions and Donations	<u>1 963 863</u>	<u>-</u>

24.1 Calculation of Cash Flow:

Public Contributions and Donations Income	1 963 863	-
Total Receipts for Public Contributions and Donations	<u>1 963 863</u>	<u>-</u>

25 SERVICE CHARGES

Sale of Water	147 921 903	121 958 104
Sewerage and Sanitation Charges	39 258 482	25 320 778
Other Service Charges	1 434 560	2 782 152
Total Service Charges	<u>188 614 946</u>	<u>150 061 034</u>

25.1 Calculation of Cash Flow:

Service Charges Income	188 614 946	150 061 034
Opening Balance of Debtors: Service Charges	375 478 495	321 537 814
Closing Balance of Debtors: Service Charges	(466 977 356)	(375 478 495)
Opening Balance of Debtors: Interest on Arrear Debtors	(80 404 424)	(58 537 859)
Closing Balance of Debtors: Interest on Arrear Debtors	107 511 294	80 404 424
Opening Balance of Debtors: VAT Raised, not paid	(35 874 523)	(31 895 705)
Closing Balance of Debtors: VAT Raised, not paid	43 788 607	35 874 523
Total Receipts for Service Charges	<u>132 137 039</u>	<u>121 965 736</u>

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.

26 RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Halls	29 705	29 414
Total Rental of Facilities and Equipment	<u>29 705</u>	<u>29 414</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R	
27 INTEREST EARNED			
External Investments:			
Bank Account	4 484 062	8 287 344	
Investments	13 014 160	10 767 277	
	<u>17 498 221</u>	<u>19 054 621</u>	
Outstanding Debtors:			
Outstanding Billing Debtors	33 621 598	28 006 450	
	<u>33 621 598</u>	<u>28 006 450</u>	
Total Interest Earned	<u>51 119 819</u>	<u>47 061 071</u>	
27.1 Calculation of Cash Flow:			
Interest Earned Income	51 119 819	47 061 071	
Opening Balance of Debtors: Interest on Arrear Debtors	80 404 424	58 537 859	
Closing Balance of Debtors: Interest on Arrear Debtors	(107 511 294)	(80 404 424)	
Total Receipts for Interest Received	<u>24 012 949</u>	<u>25 194 506</u>	
Interest Earned on Financial Assets, analysed by category of asset, is as follows:			
Available-for-Sale Financial Assets	17 498 221	19 054 621	
Loans and Receivables	33 621 598	28 006 450	
	<u>51 119 819</u>	<u>47 061 071</u>	
28 OTHER REVENUE			
Bad Debts Recovered	-	2 853 377	
Farm Operations	1 919 453	3 923 555	
Tender Documents	703 647	202 971	
VAT Refund (Own Income in terms of MFMA Circular No 48)	78 202 104	90 470 093	
Sundry Income	(1 858)	(631 922)	
Total Other Revenue	<u>80 823 347</u>	<u>96 818 074</u>	
28.1 Calculation of Cash Flow:			
Income from Other Revenue	Note 28	80 823 347	96 818 074
Income from Rental of Facilities and Equipment	Note 26	29 705	29 414
Income from Agency Services	Note 22	87 160	104 015
Opening Balance of Debtors: VAT Raised, not paid		35 874 523	31 895 705
Opening Balance of Debtors: Non-exchange Transactions	Note 4	128 485 388	258 230 200
Closing Balance of Debtors: VAT Raised, not paid		(43 788 607)	(35 874 523)
Closing Balance of Debtors: Non-exchange Transactions	Note 4	(128 498 782)	(128 485 388)
Amounts written-off as uncollectable	Note 4	(51 445)	-
Opening Balance of VAT Receivable	Note 5	53 590 223	72 903 976
Closing Balance of VAT Receivable	Note 5	(47 364 274)	(53 590 223)
Opening Balance of Consumer Deposits	Note 13	(1 672 042)	(1 478 289)
Closing Balance of Consumer Deposits	Note 13	2 065 078	1 672 042
Opening Balance of Payables: VAT Income Suspense	Note 15	(35 838 768)	(32 128 275)
Closing Balance of Payables: VAT Income Suspense	Note 15	43 788 607	35 838 768
Total Receipts for Other Revenue		<u>87 530 113</u>	<u>245 935 494</u>

The prior year amount for *Other Revenue* has been adjusted. Refer to Note 42.2 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 22 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
29 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	260 859 583	204 389 516
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	40 886 274	37 930 509
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	29 252 647	38 389 368
Overtime Payments	6 260 503	11 089 053
Defined Benefit Plan Expense:	3 711 606	4 287 846
Current Service Cost	1 820 769	1 578 657
Interest Cost	917 244	476 776
Net Actuarial (gains)/losses recognised	973 593	2 232 413
Total Employee Related Costs	340 970 613	296 086 292

29.1 Calculation of Cash Flow:

Employee Related Costs Expenditure	340 970 613	296 086 292
Opening Balance of Employee Benefit Liabilities	11 069 741	8 117 136
Closing Balance of Employee Benefit Liabilities	(12 509 800)	(11 069 741)
Opening Balance of Provision for Long-term Service	1 335 242	1 803 206
Closing Balance of Provision for Long-term Service	(2 271 547)	(1 335 242)
Total Payments for Employee Related Costs	338 594 249	293 601 651

The prior year amount for *Employee Related Costs* has been adjusted. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

No advances were made to employees.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

Annual Remuneration	670 515	1 165 430
Car and Other Allowances	183 786	304 173
Company Contributions to UIF, Medical and Pension Funds	28 342	51 022
Termination Benefits	1 717 004	-
Total	2 599 646	1 520 624

The contract for the Municipal Manager was terminated on 11 November 2014 and the post was vacant for the period 12 November 2014 until 30 June 2015. Acting Allowances were paid for the periods 12 November 2014 to 08 April 2015 and 09 April 2015 to 31 May 2015.

Remuneration of the Chief Financial Officer

Annual Remuneration	928 249	475 132
Car and Other Allowances	548 526	281 369
Company Contributions to UIF, Medical and Pension Funds	51 877	24 100
Termination Benefits	-	25 573
Total	1 528 652	806 173

Remuneration of the Strategic Director: Corporate Services

Annual Remuneration	-	284 859
Car and Other Allowances	-	124 153
Company Contributions to UIF, Medical and Pension Funds	-	15 284
Termination Benefits	-	-
Total	-	424 296

The contract for the Strategic Director: Corporate Services expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 30 June 2014. The post was subsequently abandoned due to restructuring.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Remuneration of the Strategic Director: Planning and Socio-economic Services		
Annual Remuneration	-	288 126
Car and Other Allowances	-	18 000
Company Contributions to UIF, Medical and Pension Funds	-	11 922
Termination Benefits	-	23 191
Total	-	341 239

The contract for the Strategic Director: Planning and Socio-economic Services expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 30 June 2014. The post was subsequently abandoned due to restructuring.

Remuneration of the Director: Chief Operations Officer

Annual Remuneration	-	238 590
Car and Other Allowances	-	82 521
Company Contributions to UIF, Medical and Pension Funds	-	32 919
Termination Benefits	-	34 098
Total	-	388 128

The contract for the Director: Chief Operations Officer expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 30 June 2014. The post was subsequently abandoned due to restructuring.

Remuneration of the Director: Chief of Staff

Annual Remuneration	1 149 746	745 909
Car and Other Allowances	190 399	188 223
Company Contributions to UIF, Medical and Pension Funds	34 162	32 492
Termination Benefits	135 837	-
Total	1 510 144	966 624

Remuneration of the Director: Community and Social Affairs

Annual Remuneration	1 146 758	660 711
Car and Other Allowances	192 468	108 767
Company Contributions to UIF, Medical and Pension Funds	51 420	24 712
Termination Benefits	-	25 573
Total	1 390 646	819 763

The contract for the Director: Community and Social Affairs expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 13 February 2014. An Acting Allowance was paid for the period.

Remuneration of the Director: Housing

Annual Remuneration	-	201 246
Car and Other Allowances	-	107 229
Company Contributions to UIF, Medical and Pension Funds	-	11 136
Termination Benefits	-	25 579
Total	-	345 191

The contract for the Director: Housing expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 30 June 2014. Subsequently the post was abandoned due to restructuring, and became the Department of Human Settlement.

Remuneration of the Director: Human Resources

Annual Remuneration	606 072	909 033
Car and Other Allowances	186 565	301 311
Company Contributions to UIF, Medical and Pension Funds	28 923	43 466
Termination Benefits	174 106	-
Total	995 666	1 253 811

The Director resigned on 27 January 2015 and the post was vacant for the period 28 January 2015 to 30 June 2015. Acting Allowances were paid for the periods 01 February 2015 to 31 March 2015 and 01 April 2015 to 31 May 2015.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Remuneration of the Director: Human Settlement		
Annual Remuneration	-	-
Car and Other Allowances	228 865	-
Company Contributions to UIF, Medical and Pension Funds	-	-
Termination Benefits	-	-
Total	228 865	-

This post was newly created in terms of a restructuring process, replacing "Housing". The post was vacant from 01 July 2014 until 30 June 2015. An Acting Allowance was paid for the period 01 July 2014 to 6 April 2015.

Remuneration of the Director: Infrastructure Engineer

Annual Remuneration	-	210 469
Car and Other Allowances	-	110 978
Company Contributions to UIF, Medical and Pension Funds	-	11 295
Termination Benefits	-	25 573
Total	-	358 315

The contract for the Director: Infrastructure Engineer expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 30 June 2014. The post was subsequently abandoned due to restructuring.

Remuneration of the Director: Internal Audit

Annual Remuneration	249 320	263 009
Car and Other Allowances	205 457	50 065
Company Contributions to UIF, Medical and Pension Funds	3 469	11 703
Termination Benefits	-	38 232
Total	458 246	363 008

The contract for the Director: Internal Audit expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 07 April 2015. An Acting Allowance was paid for the period 01 July 2014 to 06 April 2015. A new manager was appointed on 07 April 2015.

Remuneration of the Director: Legal Services

Annual Remuneration	-	230 701
Car and Other Allowances	-	80 065
Company Contributions to UIF, Medical and Pension Funds	-	11 401
Termination Benefits	-	25 573
Total	-	347 740

The contract for the Director: Legal Services expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 30 June 2014. The post was subsequently abandoned due to restructuring.

Remuneration of the Director: Office of the Executive Mayor

Annual Remuneration	380 760	217 077
Car and Other Allowances	298 086	92 716
Company Contributions to UIF, Medical and Pension Funds	7 386	11 501
Termination Benefits	-	34 098
Total	686 232	355 392

The contract for the Director: Office of the Executive Mayor expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 07 April 2015. An Acting Allowance was paid for the period 01 July 2014 to 06 April 2015. A new manager was appointed on 07 April 2015.

Remuneration of the Director: Planning and Development

Annual Remuneration	-	232 398
Car and Other Allowances	-	54 339
Company Contributions to UIF, Medical and Pension Funds	-	11 226
Termination Benefits	-	34 183
Total	-	332 146

The contract for the Director: Planning and Development expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 13 February 2014. An Acting Allowance was paid for the period. The post was subsequently abandoned due to restructuring.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Remuneration of the Director: Rural and Economic Development		
Annual Remuneration	1 266 892	729 187
Car and Other Allowances	238 906	99 206
Company Contributions to UIF, Medical and Pension Funds	53 325	30 629
Termination Benefits	-	-
Total	1 559 124	859 022

The contract for the Director: Planning and Development expired on 30 September 2013 and the post was vacant for the period 01 October 2013 until 13 February 2014. An Acting Allowance was paid for the period.

Remuneration of the Director: Political Advisor

Annual Remuneration	-	325 394
Car and Other Allowances	-	17 896
Company Contributions to UIF, Medical and Pension Funds	-	17 204
Termination Benefits	-	216 422
Total	-	576 917

The contract for the Director: Political Advisor expired on 15 October 2013 and the post was vacant for the period 16 October 2013 until 30 June 2014. The post was subsequently abandoned due to restructuring.

Remuneration of the Director: Technical Services

Annual Remuneration	290 854	-
Car and Other Allowances	104 950	-
Company Contributions to UIF, Medical and Pension Funds	9 815	-
Termination Benefits	-	-
Total	405 620	-

The contract for the Director: Technical Services expired on 31 August 2012 and the post was vacant for the period 01 September 2012 until 31 January 2015. An Acting Allowance was paid for the period. A new manager was appointed on 01 February 2015.

Remuneration of the Director: Water Services

Annual Remuneration	923 730	521 802
Car and Other Allowances	415 477	154 587
Company Contributions to UIF, Medical and Pension Funds	48 823	23 129
Termination Benefits	-	25 573
Total	1 388 030	725 091

The contract for the Director: Water Services expired on 31 August 2013 and the post was vacant for the period 01 September 2013 until 14 February 2014. An Acting Allowance was paid for the period.

Remuneration of the Chief of Staff: Legislature

Annual Remuneration	411 052	-
Car and Other Allowances	-	-
Company Contributions to UIF, Medical and Pension Funds	17 677	-
Termination Benefits	-	-
Total	428 728	-

This is a new post that was created due to restructuring. The Chief of Staff was appointed with effect 01 March 2015.

The following compensation was payable to key management personnel in terms of GRAP 25 as at 30 June:

Staff Leave Benefits:-

Municipal Manager	256 572	256 572
Chief Financial Officer	41 573	41 573
Director: Chief of Staff	65 705	65 705
Director: Community and Social Affairs	32 064	32 064
Director: Human Resources	124 128	124 128
Director: Planning and Development	54 794	54 794
Director: Water Services	42 754	42 754
Total	617 590	617 590

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
30 REMUNERATION OF COUNCILLORS		
Mayor	384 463	384 463
Deputy Mayor	105 570	105 570
Speaker	309 246	309 246
Chief Whip	384 891	384 891
Executive Committee Members	3 455 096	3 455 096
Councillors	7 024 664	3 674 488
Company Contributions to UIF, Medical and Pension Funds	164 833	120 228
Other Allowances (Cellular Phones, Housing, Transport, etc.)	4 628 897	2 876 119
Total Councillors' Remuneration	16 457 660	11 310 100

Remuneration of Councillors:

In-kind Benefits

The Councillors occupying the position of Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. Each of these Councillors 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 Executive Mayor is entitled to stay at the mayoral residence owned by the Council at less than market related rate. The Executive Mayor has use of a Council owned vehicle for official duties.

The Mayor has one full-time bodyguard and a full-time driver.

31 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	159 341 150	223 750 356
Amortisation: Intangible Assets	1 027 811	1 916 419
Total Depreciation and Amortisation	160 368 961	225 666 775

The prior year amount for *Depreciation and Amortisation* has been adjusted. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

32 IMPAIRMENT LOSSES

32.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:

Property, Plant and Equipment	107 659 973	-
Intangible Assets	-	-

Impairment Losses Reversed:

Property, Plant and Equipment	-	-
Intangible Assets	-	-

	107 659 973	-
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OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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32.2 Impairment Losses on Financial Assets

Impairment Losses Recognised:	64 909 869	27 891 425
Long-term Receivables	-	-
Receivables from Exchange Transactions	64 909 869	27 891 425
Receivables from Non-exchange Transactions	-	-
Impairment Losses Reversed:	-	(4 552 172)
Long-term Receivables	-	-
Receivables from Exchange Transactions	-	(4 552 172)
Receivables from Non-exchange Transactions	-	-
	64 909 869	23 339 253
Total Impairment Losses	172 569 843	23 339 253

The prior year amount for *Impairment Losses* has been adjusted. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

33 REPAIRS AND MAINTENANCE

Land and Buildings	1 979 451	1 692 628
Infrastructure - Road Transport	311 000	2 905 921
Infrastructure - Sanitation	3 530 626	3 213 441
Infrastructure - Water	24 653 457	10 479 772
Other Assets	6 021 485	7 168 540
Intangible Assets	223 817	801 013
Total Repairs and Maintenance	36 719 837	26 261 315

The prior year amount for *Repairs and Maintenance* has been adjusted. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

34 FINANCE COSTS

Creditors Overdue	1 864 857	2 343 214
Total Interest Paid on External Borrowings	1 864 857	2 343 214

34.1 Calculation of Cash Flow:

Finance Cost Expenditure	1 864 857	2 343 214
Total Payments for Finance Costs	1 864 857	2 343 214

35 BULK PURCHASES

Water	39 261 927	40 105 296
Total Bulk Purchases	39 261 927	40 105 296

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. Water is purchased from the Department of Water Affairs.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
36 CONTRACTED SERVICES		
Professional Fees	9 190 855	9 681 446
Security Services	10 330 715	11 077 207
Waste Management	273 963	43 179
Water Purification	167 886	-
Other Contracted Services	1 741 305	1 396 467
Total Contracted Services	21 704 726	22 198 299

36.1 Calculation of Cash Flow:

Expenditure for Contracted Services	Note 36	21 704 726	22 198 299
Expenditure for Bulk Purchases	Note 35	39 261 927	40 105 296
Expenditure for Repairs and Maintenance	Note 33	36 719 837	26 261 315
Opening Balance of Payables: Exchange Transactions	Note 15	374 408 420	260 055 889
Closing Balance of Payables: Exchange Transactions	Note 15	(403 909 751)	(374 408 420)
Opening Balance of Payables: VAT Income Suspense	Note 15	(35 838 768)	(32 128 275)
Closing Balance of Payables: VAT Income Suspense	Note 15	43 788 607	35 838 768
Opening Balance of Inventories	Note 2	(18 131 515)	(19 539 706)
Closing Balance of Inventories	Note 2	15 862 011	18 131 515
Other Transfers of Assets	Note 7	(124 200)	1 366 626
Total for Suppliers Paid		73 741 294	(22 118 693)

The prior year amount for *Contracted Services* has been adjusted. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

37 GRANTS AND SUBSIDIES PAID

Community Projects	8 933 222	6 664 803
Free Basic Services	1 257 199	3 137 278
Local Municipalities	448 148	523 610
Municipal Entities	35 944 865	34 676 096
Social Aid	5 617 267	5 177 702
Total Grants and Subsidies	52 200 701	50 179 489

The prior year amount for *Grants and Subsidies Paid* has been adjusted. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

Community Projects are in respect of community cultural programs, low cost housing and catering & transport cost within the municipality's area of jurisdiction.

Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.

Local Municipalities are in respect of assistance to municipalities in the district under control of the municipality.

Municipal Entities are in respect of assistance to entities under control of the municipality to enable the entities to fulfil their mandates.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
38 GENERAL EXPENSES		
Included in General Expenses are the following:		
Advertising	639 026	653 400
Audit Fees	4 271 780	5 432 250
Bank Charges	422 781	605 610
Books, Magazines and Publications	109 449	16 955
Capex Expenditure Control	57 302 999	94 589 456
Cleaning Material	1 010 415	636 312
Communication and Public Participation	4 694 350	5 119 340
Conferences and Meetings	9 516 211	9 173 167
Cost of Issues of Inventory	23 134 508	23 281 044
Entertainment	1 139 642	884 641
Expenditure incurred from Grants:		
- Conditional Grants	208 440 486	407 481 118
- EPWP Grant	131 751	(5 560)
- Finance Management Grant	53 614	(3 414)
Farms Operations	4 445 624	-
Fuel and Oil	10 705 041	8 323 370
Hiring of Equipment	11 050 561	4 372 866
IDP Review	2 979 563	3 345 945
Insurance	1 488 858	1 615 318
Legal Costs	1 819 903	750 646
Levies: SALGA	2 241 360	2 198 403
Licence Fees	2 911 374	3 241 190
Medical Examinations	142 461	236 819
Municipal Health Services	1 563 295	2 104 361
Municipal Services:		
- Assessment Rates	782 582	1 184 273
- Electricity	34 661 806	36 100 447
Operational Cost of Programs	7 858 703	5 240 322
Postage and Telegrams	321 646	98 205
Printing and Stationery	291 631	(4 248)
Purification Chemicals	1 919 903	351 930
Staff Development and Wellness	1 395 305	439 478
Telephone Cost	6 410 827	4 446 518
Tourism Strategy	1 067 826	682 750
Training Costs	5 341 755	3 382 739
Transport Costs	6 038 091	9 711 526
Travelling and Subsistence	26 107 891	27 723 198
Uniforms and Protective Clothing	2 835 919	810 165
VIP Protection Unit	918 565	784 291
Ward Committee Management	16 562	244 289
Waste Water Management	509 628	4 308 267
Whip's Office	1 970 307	1 487 847
Other General Expenses	2 182 933	2 278 449
Total General Expenses	450 846 935	673 323 683

38.1 Calculation of Cash Flow:

Expenditure for General Expenses	Note 38	450 846 935	673 323 683
Expenditure for Grants and Subsidies Paid	Note 37	52 200 701	50 179 489
Opening Balance of Payables: Non-exchange Transactions	Note 16	347 703	96 158 857
Closing Balance of Payables: Non-exchange Transactions	Note 16	(303 973)	(347 703)
Correction of Prior Year Errors		(49 446 518)	(2 521 864)
Total for Other Payments		453 644 847	816 792 462

The prior year amount for *General Expenses* has been adjusted. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
38.2 Material Losses	42 681 482	29 503 692
Distribution Losses:		
Water Losses	42 681 482	29 503 692

No other extra-ordinary expenses were incurred.

39 OTHER GAINS AND LOSSES

Gains in Fair Value of Biological Assets	-	2 916 031
Losses in Fair Value of Biological Assets	(1 438 196)	(525 754)
Net Other Gains and Losses	(1 438 196)	2 390 277

Gains and Losses in **Fair Value of Biological Assets** are attributable to continuing operations.

40 GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Proceeds on Sale of Assets	-	5 709 299
Assets Disposed at Carrying Value	(25 922 784)	(5 290 930)
Total Gains / Losses on Disposal of Capital Assets	(25 922 784)	418 369

The prior year amount for *Gains / Losses on Disposal of Capital Assets* has been adjusted. Refer to Note 42.2 on "Correction of Error" for details of the restatement.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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41 CHANGE IN ACCOUNTING POLICY

The municipality adopted no Accounting Standards for the first time during the financial year 2014/15 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

41.1 Directive 11 - Changes in Measurement Bases following the initial adoption of Standards of GRAP

Directive 11, issued March 2014, allows an entity that has initially adopted the Fair Value Model for Investment Property or the Revaluation Model for Property, Plant and Equipment, Intangible Assets or Heritage Assets, to change its Accounting Policy on a once-off basis to the Cost Model.

The municipality made an inappropriate Accounting Policy choice on the initial adoption of the Standards of GRAP and elected to account for its Investment Property utilising the Fair Value Model in terms GRAP 16, *Investment Property*, and utilising the Revaluation Model to account for its Buildings and Land in terms of GRAP 17, *Property, Plant and Equipment*.

The municipality elected to change its Accounting Policy following the initial adoption of these Standards of GRAP. The comparative amounts have been restated retrospectively.

The effect of the Change in Accounting Policy is as follows:

	Gains on Operations	Depreciation & Amortisation
Transactions incurred for the Year 2013/14, inclusive of Corrections	(3 096 534)	226 404 345
Reclassification of Revaluation Cost:-		
Land Assets	100 000	-
Building Assets	101 343	-
Reclassification of Revaluation Accumulated Depreciation:-		
Land Assets	-	-
Building Assets	(20 840)	-
Depreciation expenditure	-	(737 570)
Restated Balances as at 30 June 2014	(2 916 031)	225 666 775
	Revaluation Reserve	PPE
		Investment Property
Balances published as at 30 June 2013, inclusive of Corrections	(37 445 596)	3 742 830 591
Reclassification of Revaluation Cost:-		
Land Assets	19 017 760	(19 017 760)
Building Assets	22 138 305	(22 138 305)
Reclassification of Revaluation Accumulated Depreciation:-		
Land Assets	-	-
Building Assets	(3 710 469)	8 118 504
Restated Balances as at 30 June 2013, inclusive of Corrections	-	3 709 793 030
Transactions incurred for the Year 2013/14, inclusive of Corrections	(11 451 207)	433 664 126
Reclassification of Revaluation Cost:-		
Land Assets	1 100 000	(1 200 000)
Building Assets	18 750 548	(18 851 892)
Reclassification of Revaluation Accumulated Depreciation:-		
Land Assets	-	-
Building Assets	(7 591 326)	7 612 166
Depreciation expenditure	(808 016)	737 570
Restated Balances as at 30 June 2014	0	4 131 755 001
		2 200 000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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41.2 GRAP 100 - Discontinued Operations

The Accounting Standard for *Non-current Assets Held-for-Sale and Discontinued Operations* has been revised in February 2013 whereby the measurement, presentation and disclosure requirements related to Non-current Assets Held-for-Sale have been withdrawn.

The change in the Accounting Standard had no effect on the Annual Financial Statements as the municipality did not have any assets that were reclassified as Non-current Assets Held-for-Sale as at 30 June 2014.

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2014, but the Accumulated Surplus as at 30 June 2013 has increased by R4,408 million.

42 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

42.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		Accumulated Surplus
Balances published as at 30 June 2013		3 140 638 068
Change in Accounting Policy:-		
Restatement of Land Assets - Note 41.1	2 657 895	
Restatement of Building Assets - Note 41.1	<u>1 750 140</u>	4 408 035
Correction of Error:-		
Restatement of Land Assets	4 296 490	
Restatement of Building Assets	1 511 366	
Restatement of Infrastructure Assets	626 963 293	
Restatement of Leased Assets	(727 932)	
Restatement of Intangible Assets	3 670 237	
Restatement of Finance Leases	324 835	
Bad Debt Written-off reclassified	(203 873)	
Control for Restatements done in 2014 AFS	(91 709 208)	
Restatements in 2013/14 Ledger as per Working Papers	<u>(20 867 595)</u>	523 257 613
Restated Balances as at 30 June 2013		<u>3 668 303 716</u>
Transactions incurred for the Year 2013/14		351 693 287
Change in Accounting Policy:-		
Restatement of Land Assets - Note 41.1	(100 000)	
Restatement of Building Assets - Note 41.1	<u>(150 949)</u>	(250 949)
Correction of Error:-		
Restatement of Biological Assets	44	
Restatement of Land Assets	100 000	
Restatement of Building Assets	1 141 100	
Restatement of Infrastructure Assets	(17 679 226)	
Restatement of Leased Assets	573 304	
Restatement of Other Assets	11 180 600	
Restatement of Intangible Assets	(2 349 620)	
Restatement of Finance Leases	(81 294)	
Control for Restatements done in 2014 AFS	91 709 208	
Restatements for the Year as per Working Papers	<u>28 288 565</u>	112 882 682
Restated Balances as at 30 June 2014		<u><u>4 132 628 737</u></u>

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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R

42.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2013/14 Revenue	Current Year 2013/14 Revenue	Restated Amount
Income for Agency Services	104 015	104 015	-
Government Grants and Subsidies Received	1 557 107 259	1 535 734 618	21 372 641
Service Charges	150 061 034	150 061 034	-
Rental of Facilities and Equipment	29 414	29 414	-
Interest Earned - External Investments	19 054 621	19 054 621	-
Interest Earned - Outstanding Debtors	28 006 450	28 006 450	-
Other Income	93 296 276	96 818 074	(3 521 798)
Other Gains on Continued Operations	2 915 987	2 916 031	(44)
Gains on Disposal of Property, Plant and Equipment	5 709 299	418 369	5 290 930
	1 856 284 355	1 833 142 626	23 141 729

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Government Grants	Other Income	Gains on Operations	Gains on Disposals
Balance previously reported	1 557 107 259	93 296 276	2 915 987	5 709 299
Restatement of Biological Assets at Fair Value			44	
Restatement of Land Assets on Revaluation Model			100 000	
Restatement of Building Assets on Revaluation Model			80 503	
Restatement of Other Assets as per Asset Register				(5 290 930)
Restatements done in 2014 AFS, previously not disclosed	1 594 861	668 422		
Restatements in 2013/14 Ledger as per Working Papers	(22 967 502)	2 853 377		
Change in Accounting Policy as per Note 41.1 above			(100 000)	
Change in Accounting Policy as per Note 41.1 above			(80 503)	
Restated Balance now reported	1 535 734 618	96 818 074	2 916 031	418 369

Government Grants and Subsidies Received:

The prior year amounts for *Government Grants and Subsidies Received* have been restated to correctly disclose the revenue for Government Grants, previously incorrectly recorded.

Other Income:

The prior year amounts for *Other Income* have been restated to correctly disclose the revenue for Other Income, previously raised in error.

Other Gains on Continued Operations:

The prior year amounts for *Other Gains on Continued Operations* have been restated to correctly disclose the revenue in terms of fair value gains in terms of GRAP 17 and 27, previously not accounted for.

Gains on Disposal of Property, Plant and Equipment:

The prior year amounts for *Gains on Disposal of Property, Plant & Equipment* have been restated to correctly disclose the losses on vehicles auctioned, previously not accounted for.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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42.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2013/14 Expenditure	Current Year 2013/14 Expenditure	Restated Amount
Employee Related Costs	281 891 705	296 086 292	(14 194 587)
Remuneration of Councillors	11 310 100	11 310 100	-
Depreciation and Amortisation	216 624 379	225 666 775	(9 042 396)
Impairment Losses	35 636 005	23 339 253	12 296 752
Repairs and Maintenance	23 001 974	26 261 315	(3 259 341)
Finance Costs	2 343 214	2 343 214	-
Bulk Purchases	40 105 296	40 105 296	-
Contracted Services	22 199 567	22 198 299	1 267
Grants and Subsidies Paid	50 510 745	50 179 489	331 256
General Expenses	730 327 984	673 323 683	57 004 301
Other Losses on Continued Operations	525 754	525 754	-
Surplus / (Deficit) for the Year	441 807 633	461 803 157	(19 995 523)
	<u>1 856 284 355</u>	<u>1 833 142 626</u>	<u>23 141 729</u>

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Costs	Depreciation & Amortisation	Impairment Losses
Balance previously reported	281 891 705	216 624 379	35 636 005
Restatement of Buildings Assets on Revaluation Model		(252 582)	
Restatement of Infrastructure Assets as per Asset Register		(108)	
Restatement of Leased Assets as per Asset Register		(573 304)	
Restatement of Other Assets as per Asset Register		4 119 684	
Restatement of Intangible Assets as per Asset Register		1 866 120	
Restatements in 2013/14 Ledger as per Working Papers	14 194 587	4 620 156	(12 296 752)
Change in Accounting Policy as per Note 41.1 above		(737 570)	
Restated Balance now reported	<u>296 086 292</u>	<u>225 666 775</u>	<u>23 339 253</u>

	Repairs & Maintenance	Contracted Services	General Expenses	Grants & Subsidies Paid
Balance previously reported	23 001 974	22 199 567	730 327 984	50 510 745
Restatement of Other Assets as per Asset Register	200 000		(3 111 880)	
Restatement of Intangible Assets as per Asset Register			483 500	
Restatement of Finance Leases as per Lease Register			81 294	
Restatements done in 2014 AFS, previously not disclosed			668 422	
Restatements in 2013/14 Ledger as per Working Papers	3 059 341	(1 267)	(55 125 636)	(331 256)
Restated Balance now reported	<u>26 261 315</u>	<u>22 198 299</u>	<u>673 323 683</u>	<u>50 179 489</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Employee Related Costs:

The prior year amounts for *Employee Related Costs* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Depreciation and Amortisation:

The prior year amounts for *Depreciation & Amortisation* have been restated to correctly disclose the depreciation in terms of the revaluation of assets, previously not accounted for.

Furthermore, the prior year amounts for *Depreciation & Amortisation* have been restated to correctly disclose the expenditure for Depreciation on Other, Leased and Intangible Assets, previously incorrectly calculated.

Impairment Losses:

The prior year amounts for *Impairment Losses* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Repairs and Maintenance:

The prior year amounts for *Repairs & Maintenance* have been restated to correctly disclose the expenditure for Other Assets, previously incorrectly capitalised.

Furthermore, the prior year amounts for *Repairs & Maintenance* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Contracted Services:

The prior year amounts for *Contracted Services* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Grants and Subsidies Paid:

The prior year amounts for *Grants and Subsidies Paid* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

General Expenses:

The prior year amounts for *General Expenses* have been restated to correctly disclose the expenditure incurred for Infrastructure, Other, Leased and Intangible Assets, previously not capitalised.

Furthermore, the prior year amounts for *General Expenses* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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42.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2013/14 Balance	Current Year 2013/14 Balance	Restated Amount
Current Assets			
Inventories	37 172 755	18 131 515	19 041 240
Receivables from Exchange Transactions	61 522 600	75 534 297	(14 011 697)
Receivables from Non-exchange Transactions	58 892 774	44 793 636	14 099 137
VAT Receivable	52 726 545	53 590 223	(863 678)
Cash and Cash Equivalents	204 255 070	203 942 672	312 398
Non-Current Assets			
Property, Plant and Equipment	3 549 437 231	4 131 755 001	(582 317 770)
Intangible Assets	156 846	2 196 180	(2 039 334)
Investment Property	2 200 000	2 200 000	-
Heritage Assets	90 000	90 000	-
Biological Assets	16 101 221	16 101 264	(44)
Long-term Receivables	117 285	117 285	-
Current Liabilities			
Consumer Deposits	(1 672 042)	(1 672 042)	-
Provisions	(1 335 242)	(1 335 242)	-
Payables from Exchange Transactions	(183 312 566)	(374 408 420)	191 095 855
Payables from Non-exchange Transactions	(198 019 994)	(347 703)	(197 672 291)
Unspent Conditional Grants and Receipts	(25 589 557)	(26 221 827)	632 270
Current Portion of Long-term Liabilities	(428 151)	(663 503)	235 352
Non-Current Liabilities			
Long-term Liabilities	(583 753)	(104 859)	(478 894)
Retirement Benefit Liabilities	(11 069 741)	(11 069 741)	-
Net Assets			
Reserves	(68 329 926)	0	(68 329 926)
Accumulated Surplus / (Deficit)	(3 492 331 355)	(4 132 628 737)	640 297 382
	<u>-</u>	<u>-</u>	<u>(0)</u>

Opening balances and prior year amounts of items in the **Statement of Financial Position** have been restated as indicated below:

	Inventories	Receivables: Exchange	Receivables: Non-exchange	VAT Receivable
Balances previously published per AFS as at 30 June 2013	19 539 706	45 136 742	174 538 448	72 903 976
Bad Debt Written-off reclassified		(203 873)		
Balances now published per AFS as at 30 June 2013	19 539 706	44 932 869	174 538 448	72 903 976
Transactions incurred for the Year 2013/14	17 633 049	16 385 858	(115 645 674)	(20 177 431)
Restatement of Other Assets as per Asset Register				364 850
Restatement of Intangible Assets as per Asset Register				116 340
Restatements in 2013/14 Ledger as per Working Papers	(19 041 240)	14 215 570	(14 099 137)	382 488
Balances now published per AFS as at 30 June 2014	18 131 515	75 534 297	44 793 636	53 590 223

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R	2015 R	2014 R
	Cash & Equivalents	Property, Plant & Equipment	Intangible Assets	Biological Assets
Balances previously published per AFS as at 30 June 2013	193 083 992	3 162 477 315	156 846	9 844 140
Restatement of Land Assets on Revaluation Model		3 849 999		
Restatement of Building Assets on Revaluation Model		(28 926 473)		
Restatement of Infrastructure Assets as per Asset Register		626 963 293		
Restatement of Leased Assets as per Asset Register		(727 932)		
Restatement of Intangible Assets as per Asset Register			3 670 237	
Restatements in 2013/14 Ledger as per Working Papers		(20 805 611)	(61 984)	
Change in Accounting Policy as per Note 41.1 above		(19 017 760)		
Change in Accounting Policy as per Note 41.1 above		(14 019 801)		
Balances now published per AFS as at 30 June 2013	193 083 992	3 709 793 030	3 765 099	9 844 140
Transactions incurred for the Year 2013/14	11 171 078	386 959 916	-	6 257 080
Restatement of Land Assets on Revaluation Model		1 200 000		
Restatement of Building Assets on Revaluation Model		11 492 307		
Restatement of Infrastructure Assets as per Asset Register		(17 679 226)		
Restatement of Leased Assets as per Asset Register		573 304		
Restatement of Other Assets as per Asset Register		13 858 100		
Restatement of Intangible Assets as per Asset Register			(1 518 620)	
Restatement of Biological Assets at Fair Value				44
Restatements in 2013/14 Ledger as per Working Papers	(312 398)	37 259 725	(50 299)	
Change in Accounting Policy as per Note 41.1 above		(1 200 000)		
Change in Accounting Policy as per Note 41.1 above		(10 502 155)		
Balances now published per AFS as at 30 June 2014	203 942 672	4 131 755 001	2 196 180	16 101 264
	Payables: Exchange	Payables: Non-exchange	Unspent Grants	Current LT Liabilities
Balances previously published per AFS as at 30 June 2013	(208 435 156)	(56 070 382)	(195 302 702)	(874 376)
Reclassification of Non-exchange Payables	(51 620 733)	51 620 733		
Control for Restatements done in 2014 AFS		(91 709 208)		
Restatement of Finance Leases as per Lease Register				271 281
Balances now published per AFS as at 30 June 2013	(260 055 889)	(96 158 857)	(195 302 702)	(603 096)
Transactions incurred for the Year 2013/14	25 122 590	(141 949 612)	169 713 145	446 225
Restatement of Other Assets as per Asset Register	(3 042 350)			
Restatement of Intangible Assets as per Asset Register	(947 340)			
Reclassification of Non-exchange Payables	(135 608 081)	135 608 081		
Control for Restatements done in 2014 AFS		91 709 208		
Restatement of Finance Leases as per Lease Register				(506 634)
Restatements in 2013/14 Ledger as per Working Papers	122 650	10 443 476	(632 270)	1
Balances now published per AFS as at 30 June 2014	(374 408 420)	(347 703)	(26 221 827)	(663 503)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R		
	Long-term Liabilities	Retirement Liabilities	Non-current Provisions	Revaluation Reserve
Balances previously published per AFS as at 30 June 2013	(638 202)	(8 117 136)	-	(68 329 926)
Restatement of Land Assets on Revaluation Model				446 491
Restatement of Building Assets on Revaluation Model				30 437 839
Restatement of Finance Leases as per Lease Register	53 555			
Change in Accounting Policy as per Note 41.1 above				21 675 655
Change in Accounting Policy as per Note 41.1 above				15 769 941
Balances now published per AFS as at 30 June 2013	(584 647)	(8 117 136)	-	-
Transactions incurred for the Year 2013/14	54 449	(2 952 605)		
Restatement of Land Assets on Revaluation Model				(1 100 000)
Restatement of Building Assets on Revaluation Model				(10 351 207)
Restatement of Finance Leases as per Lease Register	425 340			
Restatements in 2013/14 Ledger as per Working Papers	(1)			
Change in Accounting Policy as per Note 41.1 above				1 100 000
Change in Accounting Policy as per Note 41.1 above				10 351 207
Balances now published per AFS as at 30 June 2014	(104 859)	(11 069 741)	-	-

Inventories:

The **prior year amounts** for *Inventories* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Receivables from Exchange Transactions:

The **opening balances** of *Receivables from Exchange Transactions* have been restated to correctly disclose the receivables, debt impairment previously incorrectly calculated.

The **prior year amounts** for *Receivables from Exchange Transactions* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Receivables from Non-exchange Transactions:

The **prior year amounts** for *Receivables from Non-exchange Transactions* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

VAT Receivable:

The **prior year amounts** for *VAT Receivable* have been restated to correctly disclose the expenditure incurred for Other and Intangible Assets, previously not capitalised.

Furthermore, the **prior year amounts** for *VAT Receivable* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Cash and Cash Equivalents:

Furthermore, the **prior year amounts** for *Cash & Cash Equivalents* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Property, Plant and Equipment:

The **opening balances** and **prior year amounts** for *Property, Plant & Equipment* have been restated to correctly disclose the depreciation in terms of the revaluation of assets, previously not accounted for.

Furthermore, the **opening balances** and **prior year amounts** for *Property, Plant & Equipment* have been restated to correctly disclose Infrastructure, Other and Leased Assets, previously not capitalised.

Furthermore, the **opening balances** and **prior year amounts** for *Property, Plant & Equipment* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

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Intangible Assets:

The **opening balances** and **prior year amounts** for *Intangible Assets* have been restated to correctly disclose assets, previously not capitalised.

Furthermore, the **opening balances** and **prior year amounts** for *Intangible Assets* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Biological Assets:

The **prior year amounts** for *Biological Assets* have been restated to correctly disclose the assets in terms of fair value gains, previously not accounted for.

Payables from Exchange Transactions:

The **opening balances** and **prior year amounts** for *Payables from Exchange Transactions* have been restated to correctly disclose the liability of the municipality, previously not incorrectly accounted for.

Payables from Non-exchange Transactions:

The **opening balances** and **prior year amounts** for *Payables from Non-exchange Transactions* have been restated to correctly disclose the liability of the municipality, previously not incorrectly accounted for.

Unspent Conditional Grants and Receipts:

The **prior year amounts** for *Unspent Conditional Grants & Receipts* have been restated to correctly disclose the expenditure incurred as per Working Papers for Correction of Error.

Long-term Liabilities:

The **opening balances** and **prior year amounts** for *Long-term Liabilities* and its Short-term Portion have been restated to correctly disclose the lease liability of the municipality, previously incorrectly calculated.

Revaluation Reserve:

The **opening balances** and **prior year amounts** for *Revaluation Reserve* have been restated to correctly disclose the transaction in terms of the revaluation of assets, previously not accounted for.

43 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	191 465 361	461 803 157
Adjustment for:		
Correction of Prior Year Errors	49 446 518	2 521 864
Depreciation and Amortisation	160 368 961	225 666 775
Impairment Losses on Property, Plant and Equipment	107 659 973	-
Losses / (Gains) on Disposal of Property, Plant and Equipment	25 922 784	(418 369)
Losses / (Gains) on Other Continued Operations	1 438 196	(2 390 277)
Other Movement on Biological Assets	124 200	(1 366 625)
Contribution to Long Service Awards Liability	3 711 606	4 287 846
Expenditure incurred from Long Service Awards Liability	(1 335 242)	(1 803 205)
Contribution to Impairment Provision	64 909 869	23 339 253
Bad Debts Written-off	(51 445)	-
Operating surplus before working capital changes	603 660 781	711 640 418
Decrease/(Increase) in Inventories	2 269 504	1 408 191
Decrease/(Increase) in Receivables from Exchange Transactions	(91 498 861)	(53 940 681)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(13 394)	129 744 812
Decrease/(Increase) in VAT Receivable	6 225 949	19 313 753
Increase/(Decrease) in Consumer Deposits	393 036	193 753
Increase/(Decrease) in Payables from Exchange Transactions	29 501 331	114 352 531
Increase/(Decrease) in Payables from Non-exchange Transactions	(43 730)	(95 811 154)
Increase/(Decrease) in Conditional Grants and Receipts	(22 111 812)	(169 080 875)
Cash generated by / (utilised in) Operations	528 382 804	657 820 747

44 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2014/15 financial year.

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45 FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

46 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 18)	104 859	768 362
Used to finance Property, Plant and Equipment - at cost	(104 859)	(768 362)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Note 6)	-	-
Cash invested for Repayment of Long-term Liabilities	-	-

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.

47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

47.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	1 931 674 106	1 476 293 003
Unauthorised Expenditure current year	223 182 549	455 381 103
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 54)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	2 154 856 655	1 931 674 106

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted votes exceeded:-</i>	<i>To be condoned by Council</i>
- Finance and Administration - R109 421 885 (2014: R13 350 919)	
- Community and Social Services - R4 871 734 (2014: R1 100 894)	
- Housing - R0 (2014: R4 756 365)	
- Public Safety - R4 483 234 (2014: R5 024 748)	
- Sport and Recreation - R0 (2014: R118)	
- Environmental Protection - R0 (2014: R385 370)	
- Roads and Transport - R0 (2014: R2 932 673)	
- Water - R104 405 697 (2014: R427 830 016)	

47.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	17 488 750	15 145 536
Fruitless and Wasteful Expenditure current year	1 864 857	2 343 214
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 54)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	19 353 607	17 488 750

Incident	Disciplinary Steps / Criminal Proceedings
<i>Interest on late payment - Various Creditors - R1 864 857 (2014: R2 343 214)</i>	<i>None</i>

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	2015 R	2014 R
47.3 Irregular Expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	426 777 397	274 176 784
Irregular Expenditure current year	93 847 805	161 058 071
Condoned or written off by Council	-	(8 457 458)
To be recovered – contingent asset (see Note 54)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Irregular Expenditure awaiting condonement	520 625 202	426 777 397

Incident	Disciplinary Steps / Criminal Proceedings
<i>Irregular payments for towards Sate Funeral - R0 (2014: R2 992 989)</i>	<i>Under Investigation. To be submitted to Council for condonement.</i>
<i>Expenditure contrary to SCM Procedures - R93 847 805 (2014: R158 065 082)</i>	<i>Under Investigation. To be submitted to Council for condonement.</i>

48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

48.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	2 241 360	2 198 403
Amount Paid - current year	(2 241 360)	(2 198 403)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

48.2 Audit Fees

Opening Balance	115 681	73 839
Current year Audit Fee	4 271 780	5 453 417
Amount Paid - current year	(4 048 901)	(5 337 736)
Amount Paid - previous years	(115 681)	(73 839)
Balance Unpaid (included in Creditors)	222 879	115 681

The balance unpaid represents the audit fee for an interim audit conducted during May and June 2015 (June 2014) and is payable by 31 July 2015 (31 July 2014).

48.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

48.4 PAYE, Skills Development Levy and UIF

Opening Balance	8 236	8 730
Current year Payroll Deductions	54 975 952	49 191 141
Amount Paid - current year	(54 969 013)	(49 182 905)
Amount Paid - previous years	(8 236)	(8 730)
Balance Unpaid (included in Creditors)	6 939	8 236

The balance represents PAYE, SDL and UIF deducted from the June 2015 (June 2014) payroll. These amounts were paid during July 2015 (July 2014).

48.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	48 847 801	45 251 554
Amount Paid - current year	(48 847 801)	(45 251 554)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

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48.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

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

30 June 2015	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Bunzana M	10 361	2 004	8 357
Councillor Gwadiso VO	50 403	9 391	41 012
Councillor Mandita	6 662	487	6 175
Councillor Mgugudo	57 722	1 819	55 903
Councillor Mlamli	73 412	3 516	69 896
Councillor Mziba	12 753	622	12 131
Councillor Ndlela	39 011	3 381	35 629
Councillor Ndzwayiba WN & NA	18 669	1 616	17 053
Councillor Nelani	1 155	924	232
Total Councillor Arrear Consumer Accounts	270 148	23 761	246 387

30 June 2014	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Bunzana M	2 911	1 385	1 527
Councillor Gwadiso VO	43 433	2 421	41 012
Councillor Mlamli	21 585	1 087	20 498
Councillor Mziba	10 540	566	9 974
Councillor Ndlela	28 649	3 161	25 488
Councillor Ndzwayiba WN & NA	18 431	1 190	17 241
Councillor Nelani	4 513	789	3 724
Total Councillor Arrear Consumer Accounts	130 062	10 599	119 463

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

30 June 2015	Highest amount outstanding	Ageing
Councillor Bunzana	8 357	> 90 Days
Councillor Gwadiso	41 012	> 90 Days
Councillor Mandita	6 175	> 90 Days
Councillor Mgugudo	1 819	> 90 Days
Councillor Mlamli	69 896	> 90 Days
Councillor Mziba	12 131	> 90 Days
Councillor Ndlela	35 629	> 90 Days
Councillor Ndzwayiba WN & NA	17 053	> 90 Days
Councillor Nelani	232	> 90 Days

30 June 2014	Highest amount outstanding	Ageing
Councillor Bunzana	1 527	> 90 Days
Councillor Gwadiso	41 012	> 90 Days
Councillor Mlamli	20 498	> 90 Days
Councillor Mziba	9 974	> 90 Days
Councillor Ndlela	25 488	> 90 Days
Councillor Ndzwayiba WN & NA	17 241	> 90 Days
Councillor Nelani	3 724	> 90 Days

48.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

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48.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Various Departments	Year 2013/14	Various occasions (4)	Emergency cases	242 247.96
4 Occasions during the financial year for repairs and services to be rendered amounting to R242 247,96				
Various Departments	Year 2013/14	Various occasions (2)	Second choice (supplier/tenderer) were used	104 825.30
2 Occasions during the financial year procuring building materials and services amounting to R104 825,30				
Various Departments	Year 2013/14	Various occasions (28)	Sole supplier	1 501 553.08
28 Occasions during the financial year procuring goods and services amounting to R1 501 553,08				
Various Departments	Year 2013/14	Various occasions (4)	Sole supplier and upfront payment	595 711.16
4 Occasions during the financial year procuring goods and services amounting to R595 711,16				
Various Departments	Year 2013/14	Various occasions (41)	Upfront payment	2 557 032.29
41 Occasions during the financial year procuring goods, services and equipment R2 557 032,29				

48.9 Bulk Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Water Losses were as follows and are not recoverable:

Water:

		Lost Units	Tariff	Value
30 June 2015	Unaccounted Water Losses	<u>6 408 631</u>	<u>6.6600</u>	<u>42 681 482</u>
30 June 2014	Unaccounted Water Losses	<u>6 585 646</u>	<u>4.4800</u>	<u>29 503 692</u>

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 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.

	2015	2014
	R	R
Volumes in KI/year:		
Water Inventory Opening Balance	166 721	115 592
System Input Volume	28 790 528	28 842 728
Billed Consumption	(11 635 413)	(11 128 349)
Free Basic Water Provided	(10 743 014)	(11 077 605)
Water Inventory Closing Balance	(170 191)	(166 721)
Distribution Loss	6 408 631	6 585 646
Percentage Distribution Loss	22.26%	22.83%

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
49 COMMITMENTS FOR EXPENDITURE		
49.1 Capital Commitments		
Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	729 253 736	1 780 432 056
<i>Infrastructure</i>	729 253 736	1 780 432 056
- Approved but Not Yet Contracted for:-	1 338 416 784	584 451 292
<i>Infrastructure</i>	1 338 416 784	584 451 292
Total Capital Commitments	2 067 670 520	2 364 883 348
This expenditure will be financed from:		
Government Grants	2 067 670 520	2 364 883 348
	2 067 670 520	2 364 883 348

49.2 Lease Commitments

Finance Lease Liabilities are disclosed in Note 18.

49.3 Other Commitments

The municipality has entered into a contract on 29 January 2015 with Aurecon South Africa (Pty) Ltd for the "Update and Preparation of the Infrastructure Asset Register" for the years ending 30 June 2015 and 30 June 2016, which will give rise to a total charge of R3 937 236 (VAT inclusive).

The municipality has entered into a contract on 11 February 2015 with Ducharme Consulting (pty) Ltd for the "Preparation of GRAP Annual Financial Statements and Movable Asset Register (including Land and Buildings)" for the years ending 30 June 2015 and 30 June 2016 which will give rise to a total charge of R6 975 274 (VAT inclusive).

The municipality has entered into a contract on 03 March 2015 with Madolo Security and Cleaning Services for the "Provision of Security Services in the Mhlontlo Zone" for a two year period, which will give rise to an annual charge of R1 998 000 (VAT inclusive). The contract terminates on 31 March 2017.

The municipality has entered into a contract on 03 March 2015 with Tyeks Security Services for the "Provision of Security Services in the KSD Zone" for a two year period, which will give rise to an annual charge of R7 553 851 (VAT inclusive). The contract terminates on 31 March 2017.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R		2014 R
50 FINANCIAL INSTRUMENTS				
50.1 Classification				
FINANCIAL ASSETS:				
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:				
<u>Financial Assets</u>	<u>Classification</u>			
Long-term Receivables				
Other Loans	Amortised cost	296 807		117 285
Receivables from Exchange Transactions				
Sewerage	Amortised cost	9 236 833		7 057 531
Water	Amortised cost	39 667 967		25 998 309
Other Receivables	Amortised cost	53 218 488		42 478 458
Receivables from Non-exchange Transactions				
Payments made in Advance	Amortised cost	32 315 400		40 040 566
Short-term Loans	Amortised cost	988 688		54 945
Sundry Debtors	Amortised cost	11 521 752		3 650 432
Other Control Accounts	Amortised cost	32 635		1 047 693
Cash and Cash Equivalents				
Call Deposits	Amortised cost	265 983 012		142 579 981
Bank Balances	Amortised cost	31 932 720		61 362 691
SUMMARY OF FINANCIAL ASSETS				
Financial Assets at Amortised Cost:				
Long-term Receivables	Other Loans	296 807		117 285
Receivables from Exchange Transactions	Sewerage	9 236 833		7 057 531
Receivables from Exchange Transactions	Water	39 667 967		25 998 309
Receivables from Exchange Transactions	Other Debtors	53 218 488		42 478 458
Receivables from Non-exchange Transactions	Payments made in Advance	32 315 400		40 040 566
Receivables from Non-exchange Transactions	Short-term Loans	988 688		54 945
Receivables from Non-exchange Transactions	Sundry Debtors	11 521 752		3 650 432
Receivables from Non-exchange Transactions	Other Control Accounts	32 635		1 047 693
Current Portion of Long-term Receivables	Other Loans	-		-
Cash and Cash Equivalents	Call Deposits	265 983 012		142 579 981
Cash and Cash Equivalents	Bank Balances	31 932 720		61 362 691
		445 194 304		324 387 890
Total Financial Assets		445 194 304		324 387 890

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	20 436	104 859
Payables from Exchange Transactions			
Payments Received in Advance	Amortised cost	4 061 524	4 727 478
Trade Creditors	Amortised cost	155 182 867	168 446 812
Retentions	Amortised cost	68 432 344	23 043 426
Other Creditors	Amortised cost	90 635 741	108 846 978
VAT Accrued Account	Amortised cost	43 788 607	35 838 768
Payables from Non-exchange Transactions			
Salary Control Accounts	Amortised cost	303 973	347 703
Current Portion of Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	84 423	663 503
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liabilities	20 436	104 859
Payables from Exchange Transactions	Payments Received in Advance	4 061 524	4 727 478
Payables from Exchange Transactions	Trade Creditors	155 182 867	168 446 812
Payables from Exchange Transactions	Retentions	68 432 344	23 043 426
Payables from Exchange Transactions	Other Creditors	90 635 741	108 846 978
Payables from Exchange Transactions	VAT Accrued Account	43 788 607	35 838 768
Payables from Non-exchange Transactions	Salary Control Accounts	303 973	347 703
Current Portion of Long-term Liabilities	Finance Lease Liabilities	84 423	663 503
		362 509 916	342 019 527
Total Financial Liabilities		362 509 916	342 019 527

50.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

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.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2015, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

50.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 21 and the Statement of Changes in Net Assets.

Gearing Ratio

	2015	2014
	R	R
The gearing ratio at the year-end was as follows:		
Debt	104 859	768 362
Cash and Cash Equivalents	(297 915 732)	(203 942 672)
Net Debt	(297 810 873)	(203 174 310)
Equity	4 373 540 615	4 132 628 737
Net debt to equity ratio	-6.81%	-4.92%

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

50.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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50.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 50.8 to the Annual Financial Statements.

50.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 50.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

50.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

50.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015	2014
R	R

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

The short and long-term financial instruments at year-end with variable interest rates are set out in Note 50.8 below.

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2015 would have increased / decreased by R2 509 292 (30 June 2014: R1 985 133). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

50.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for sewerage and water services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties. They have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	30 June 2015		30 June 2014	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
Nelson Mandela Academy	-	2 701 177	-	2 701 177
Zingisa Rehabilitation Centre	-	1 506 429	-	1 506 429
Manpower Building	-	1 426 253	-	1 426 253
Excelsior Complex	-	1 165 566	-	1 165 566
Transkei Hotel	-	989 804	-	989 804

2015
R **2014**
R

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	296 807	117 285
Receivables from Exchange Transactions	466 977 356	375 478 495
Receivables from Non-exchange Transactions	128 498 782	128 485 388
Bank, Cash and Cash Equivalents	297 915 732	203 942 672
Maximum Credit and Interest Risk Exposure	893 688 678	708 023 840

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	64.07%	61.96%
- Industrial / Commercial	8.83%	8.28%
- National and Provincial Government	3.50%	2.45%
- Other Classes	2.03%	1.82%
Other Debtors:		
- Other not Classified	21.58%	25.49%
Total Credit Risk	100.00%	100.00%

Bank and Cash Balances

ABSA Bank Ltd	2 573 123	2 466 410
First National Bank	138 007 659	132 804 276
Investec Bank	103 232 064	21 514 643
Nedbank	44 764 946	42 485 205
Standard Bank	4 920 649	4 672 138
Total Bank and Cash Balances	293 498 441	203 942 672
	(4 417 291.39)	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables

Group 1	-	-
Group 2	296 807	117 285
Total Long-term Receivables	296 807	117 285

Receivables from Exchange Transactions

Counterparties without external credit rating:-

Group 1	7 159 703	3 837 076
Group 2	3 885 812	2 082 511
	11 045 515	5 919 587
Total Receivables from Exchange Transactions	11 045 515	5 919 587

Receivables from Non-exchange Transactions

Group 1	44 858 475	44 793 636
Group 2	-	-
Total Receivables from Non-exchange Transactions	44 858 475	44 793 636

Credit quality Groupings:

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

50 FINANCIAL INSTRUMENTS (Continued)

50.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 45 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2015								
Non-interest Bearing		0.00%	147 278 571	70 467 469	76 514 295	296 807	-	-
Variable Interest Rate Instruments		6.97%	297 915 732	297 915 732	-	-	-	-
			445 194 304	368 383 202	76 514 295	296 807	-	-
30 June 2014								
Non-interest Bearing		0.00%	120 445 218	57 645 187	62 682 746	117 285	-	-
Variable Interest Rate Instruments		9.60%	203 942 672	203 942 672	-	-	-	-
			324 387 890	261 587 859	62 682 746	117 285	-	-

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

50.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

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2015	2014
R	R

51 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

No benefits is provided for councillors, but they can join the Pension Fund for Municipal Councillors on their own.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R20 782 117 (2014: R19 744 054) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2014.

The statutory valuation performed as at 30 June 2014 revealed that the fund had a surplus of R23,3 (30 June 2013: deficit of R10,0) million, with a funding level of 101,7% (30 June 2013: 99,2%). The balance of the Solvency Reserve was R59,9 (30 June 2013: R0,0) million. The contribution rate paid by the members (9,00%) and the municipalities (23,06%) is less than the recommended contribution rate of 32,4%. The contribution rate paid by municipalities has increased to 26,77% as from 01 July 2014.

Government Employees Pension Fund (GEPF):

The scheme is subject to at least a tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2012.

The statutory valuation performed as at 31 March 2012 revealed that the fund had a surplus of R0,0 (31 March 2010: R0,0) million, with a funding level of 100,0% (31 March 2010: 100,0%). The contribution rate paid by the members (7,50%) and the municipalities (13,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2011.

The statutory valuation performed as at 28 February 2011 revealed that the net assets of the fund were R552,8 (28 February 2008: R432,7) million, with a funding level of 107,9% (28 February 2008: 108,2%). The contribution rate paid by the members (7,50%) and Council (15,00%, 18,00% and 22,00%) is not sufficient to fund the benefits accruing from the fund in the future and there is a shortfall in the future employer contribution rate of 8,10% (28 February 2008: 0,70%).

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

The statutory valuation performed as at 30 June 2011 revealed that the investment reserve of the fund amounted to R15 285 (30 June 2010: R7 311) million, with a funding level of 104,1% (30 June 2010: 102,0%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

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Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

The statutory valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R9 869 (30 June 2010: R8 220) million, with funding levels of 100,3% and 116,9% (30 June 2010: 99,9% and 100,3%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

National Fund for Municipal Workers

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2014.

The scheme's assets amounted to R9 031,8 (2013: R6 981,5) million at 30 June.

The statutory valuation performed as at 30 June 2014 revealed that the fund had a surplus of 9,3 (30 June 2013: deficit R65,2) million, with a funding level of 100,10% (30 June 2013: 99,07%). The contribution rate paid by the members (minimum of 2,00% to 7,00%) and the municipalities (minimum of 2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

The monthly deductions for cost were sufficient to cover the expenses incurred over the valuation period. The Trustees, with the support of the Valuator, must continue to monitor the position on an annual basis.

SAMWU (South African Municipal Workers Union) National Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2005.

The statutory valuation performed as at 30 June 2005 revealed that the fund had a funding ratio of 100,0% (30 June 2002: 100,0%). The contribution rate paid by the members (not less than 5,00%) and Council (not less than 12,00%) is sufficient to fund the benefits accruing from the fund in the future.

No further details could be obtained for the fund and of any subsequent valuations performed.

None of the above mentioned plans are State Plans.

52 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

52.1 Interest of Related Parties

No Related Party Interests have been identified/declared for the two financial years under review.

O R Tambo Ntinga Development Agency is wholly controlled by the municipality.

52.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 12 to the Annual Financial Statements.

52.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 29, 30 and Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

52.4 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
53 CONTINGENT LIABILITIES		
53.1 Court Proceedings:	43 645 210	39 981 778
(i) Failure to honour a Cession Agreement: Claims have been lodged for failure to honour a cession agreement. The municipality is contesting the claim based on legal advice. The outcome of the case is still uncertain.	3 693 780	3 693 780
(ii) Failure to honour a Contracts: Summons from service providers have been received for failure to honour contracts. On the basis of legal advice the municipality is contesting the claim. The outcome of the case is still uncertain.	13 553 593	12 700 624
(iii) Claims for Services Rendered: Claims in lieu of services rendered have been lodged against the municipality. On the basis of legal opinion, the municipality is contesting the claims. The outcome of the cases are still uncertain.	19 744 800	19 744 800
(iv) Breach of Agreement: The municipality is being sued for breach of agreement resulting to loss of earnings. The municipality contested the claim. The outcome of the case is still uncertain.	1 341 080	1 341 080
(v) Claim for Damages Suffered: The municipality is being sued for damages suffered in a motor accident that occurred. On the basis of legal opinion the municipality is contesting the claim. The outcome of the case is still uncertain.	200 000	200 000
(vi) Claim for Damages Suffered: The municipality is being sued for damages on the claimant's property. The municipality is contesting the claim. The outcome of the case is still uncertain.	315 000	315 000
(vii) Claim for Damages Suffered: Claims have been lodged for damage to telephone infrastructure. The municipality is contesting the claim. The outcome of the cases are still uncertain.	352 547	352 547
(viii) Claim for Damages Suffered: Claims have been lodged for the damage to motor vehicles. The municipality is contesting the claims. The outcome of the cases are still uncertain.	88 947	67 947
(ix) Claim for Electrocutation: The municipality is being sued for the electrocution of a contract worker. The municipality is contesting the claim. The outcome of the case is still uncertain.	300 000	300 000
(x) Claim for Damages Suffered: Claims have been lodged for the damages arising from exposure to robbery, theft and trespassing of strangers. The municipality is contesting the claims. The outcome of the cases are still uncertain.	66 000	66 000
(xi) Claim for Damages Suffered: The municipality is being sued for damages suffered in a motor accident that occurred. On the basis of legal opinion the municipality is contesting the claim. The outcome of the case is still uncertain.	1 200 000	1 200 000
(xii) Claim for Salaries: Claims have been lodged regarding unpaid salaries and secondment allowances, and unfair dismissal. The municipality is contesting the claims. The outcome of the cases are still uncertain.	2 789 463	-
53.2 Insurance Claims:	151 050	4 778
(i) Alleged Damages Incurred: Claims lodged against the municipality for alleged damages caused by incidents of which the municipality should take ownership, have been referred to the municipality's insurers.	151 050	4 778

OR TAMBO DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
54 CONTINGENT ASSETS		
54.1 Insurance Claims:	<u>1 630 658</u>	<u>204 645</u>
(i) Lost / Damaged Assets: The municipality has claims outstanding against its Insurers for lost and/or damaged assets. The management believe that it is probable that the claims will be successful and that compensation of R1 630 658 (2014: R204 645) will be recovered.	1 630 658	204 645

55 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

56 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

57 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2015.

58 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 42).

59 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

- (i) On 13 June 2014 the Council adopted the 2014/15 to 2016/17 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A
OR TAMBO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2014	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2015
	R				R	R	R	R
CAPITAL LEASE LIABILITIES								
Nashua	74 485	26.02%	930	42767	51 099	-	15 205	35 894
Nashua	4 500	28.11%	F638	42675	2 931	-	981	1 950
Nashua	4 500	28.11%	F599	42675	2 931	-	981	1 950
Nashua	4 500	28.11%	F2154	42644	2 860	-	1 004	1 856
Nashua	4 500	28.11%	F897	42644	2 860	-	1 004	1 856
Fintech	49 791	25.00%		42217	23 827	-	19 988	3 839
Nashua	9 875	16.77%	F2747	42125	2 474	-	2 474	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	54 163	25.00%		42064	17 508	-	17 508	-
Fintech	54 163	25.00%		42064	17 508	-	17 508	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
	682 727				260 487	-	213 142	47 345

APPENDIX A
OR TAMBO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

Details	Original Loan Amount	Interest Rate	Loan Number	Loan Redeemable	Balance at 30 June 2014	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2015
	R				R	R	R	R
CAPITAL LEASE LIABILITIES								
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Fintech	54 163	25.00%		42064	17 508	-	17 508	-
Fintech	54 163	25.00%		42064	17 508	-	17 508	-
Fintech	54 163	25.00%		42064	17 508	-	17 508	-
Fintech	35 188	25.00%		42064	11 374	-	11 374	-
Nashua	351 623	19.31%	2705	42064	76 358	-	76 358	-
Nashua	351 623	19.31%	1721	42064	76 358	-	76 358	-
Fintech	34 972	25.00%		42005	8 971	-	8 971	-
Fintech	34 972	25.00%		42005	8 971	-	8 971	-
Fintech	34 972	25.00%		42005	8 971	-	8 971	-
Fintech	34 972	25.00%		42005	8 971	-	8 971	-
Fintech	34 972	25.00%		42005	8 971	-	8 971	-
Fintech	116 606	25.00%		42005	29 910	-	29 910	-
Fintech	34 972	25.00%		42005	8 971	-	8 971	-
Nashua	5 850	26.55%	F2093	41852	343	-	343	-
Nashua	5 850	26.55%	F4902	41852	343	-	343	-
Nashua	5 850	26.55%	F2227	41852	343	-	343	-
Nashua	5 850	26.55%	F1804	41852	343	-	343	-
Nashua	4 500	28.11%	F2759	42675	2 931	-	981	1 950
Nashua	4 500	28.11%	F1709	42644	2 860	-	1 004	1 856
Nashua	4 500	28.11%	F2895	42675	2 931	-	981	1 950
Nashua	7 850	27.95%	F1669	42125	2 346	-	2 346	-
	1 990 027				584 647	-	531 545	53 102

APPENDIX A
OR TAMBO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2014	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2015
	R				R	R	R	R
CAPITAL LEASE LIABILITIES								
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Fintech	17 013	25.00%		42278	12 248	-	8 797	3 450
Total Capital Lease Liabilities	2 245 222				768 362	-	663 503	104 859
TOTAL EXTERNAL LOANS	2 245 222				768 362	-	663 503	104 859

CAPITALISED LEASE LIABILITIES

Structured secured finance leases over office equipment; lease repayments over a maximum period of 5 years at fixed interest rates.

APPENDIX B
OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land												
Land: Developed	3 600 000	-	-	-	-	3 600 000	-	-	-	-	-	3 600 000
Farms	16 982 240	-	-	-	-	16 982 240	-	-	-	-	-	16 982 240
	20 582 240	-	-	-	-	20 582 240	-	-	-	-	-	20 582 240
Buildings												
<i>Residential:</i>												
Farm Buildings	5 179 471	-	-	-	-	5 179 471	1 065 110	172 515	-	-	1 237 625	3 941 846
Residences	1 185 923	-	-	-	-	1 185 923	300 603	39 663	-	-	340 266	845 657
<i>Non Residential:</i>												
Office Buildings	75 746 140	-	-	-	-	75 746 140	17 567 777	3 274 998	-	-	20 842 775	54 903 365
	82 111 534	-	-	-	-	82 111 534	18 933 490	3 487 176	-	-	22 420 666	59 690 868
Infrastructure												
<i>Roads and Transport:</i>												
Bridges, Subways and Culverts	11 400 334	-	-	-	(239 400)	11 160 934	3 968 834	516 331	-	(220 063)	4 265 102	6 895 831
Roads: Gravel	283 878 767	-	10 759 072	-	(5 040 000)	289 597 839	169 388 047	13 203 945	-	(5 040 010)	177 551 982	112 045 857
<i>Sewerage:</i>												
Bulk Pipelines	22 571 400	-	-	-	-	22 571 400	16 636 269	450 951	-	-	17 087 220	5 484 180
Pumping Stations	31 976 040	-	-	-	(5 765 285)	26 210 756	16 278 672	1 574 052	-	(5 175 346)	12 677 379	13 533 377
Purification Works	24 702 447	-	-	-	(1 745 980)	22 956 467	13 798 180	991 604	-	(1 185 950)	13 603 834	9 352 633
Sewers / Reticulation	282 954 000	-	-	-	-	282 954 000	177 536 520	5 659 080	-	-	183 195 600	99 758 400
<i>Water:</i>												
Boreholes	151 901 709	11 202	-	311 985	(27 875 476)	124 349 420	68 094 435	11 156 269	-	(19 691 139)	59 559 565	64 789 855
Bulk Pipelines	1 042 401 346	-	-	20 118 082	-	1 062 519 428	314 242 262	78 349 093	-	-	392 591 355	669 928 073
Dams	10 147 696	-	-	-	(282 521)	9 865 174	2 108 063	968 162	-	(141 262)	2 934 964	6 930 211
Meters	5 570 388	-	-	5 623 524	(507 750)	10 686 162	2 241 853	1 318 257	-	(242 053)	3 318 057	7 368 105
Pumping Stations	73 972 500	63 235	-	574 322	(7 213 348)	67 396 709	25 990 363	5 995 302	-	(5 033 852)	26 951 813	40 444 896
Purification Plant	429 543 013	11 247	-	-	(5 426 437)	424 127 823	114 156 067	32 870 697	-	(3 892 694)	143 134 070	280 993 753
Reservoirs and Tanks	913 964 688	2 486 132	-	11 478 289	(33 216 319)	894 712 790	283 020 098	65 581 530	-	(20 914 558)	327 687 070	567 025 720
Spring and Weirs	3 593 294	36 315	-	-	(274 300)	3 355 308	750 439	460 657	-	(127 105)	1 083 991	2 271 317
Supply and Reticulation	1 496 677 573	-	1 290 008 043	73 880 928	-	2 860 566 544	592 055 518	31 746 448	-	-	623 801 965	2 236 764 578
	4 785 255 193	2 608 131	1 300 767 114	111 987 129	(87 586 815)	6 113 030 752	1 800 265 620	250 842 378	-	(61 664 032)	1 989 443 967	4 123 586 786
Leased Assets												
Office Equipment	375 105	-	-	-	-	375 105	37 485	106 680	-	-	144 165	230 940
	375 105	-	-	-	-	375 105	37 485	106 680	-	-	144 165	230 940

APPENDIX B
OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Other Assets												
<i>Bins and Containers:</i>												
Household Refuse Bins	73 874	-	-	-	-	73 874	13 119	14 904	-	-	28 023	45 851
<i>Computer Equipment:</i>												
Computer Hardware	10 077 877	878 884	-	(73 725)	-	10 883 036	3 552 951	2 121 588	-	-	5 674 539	5 208 497
Computer Networks	333	-	-	-	-	333	167	56	-	-	222	111
<i>Emergency Equipment:</i>												
Fire Fighting Equipment	10 866	8 748	-	-	-	19 614	4 344	2 474	-	-	6 818	12 795
Medical and Allied Equipment	4 583	-	-	-	-	4 583	2 205	1 137	-	-	3 342	1 241
<i>Furniture and Fittings:</i>												
Advertising / Display Boards	241 067	128 615	-	-	-	369 682	36 146	31 619	-	-	67 766	301 917
Cabinets and Cupboards	2 169 283	334 440	-	-	-	2 503 723	315 972	248 328	-	-	564 300	1 939 423
Chairs	4 202 562	202 600	-	73 256	-	4 478 418	602 189	445 880	-	-	1 048 069	3 430 349
Desks and Tables	2 513 420	122 199	-	469	-	2 636 088	300 136	270 622	-	-	570 757	2 065 330
Domestic Furniture	324 007	231 826	-	-	-	555 832	14 901	51 404	-	-	66 306	489 527
Kitchen / Washing Appliances	389 711	-	-	-	-	389 711	73 833	62 580	-	-	136 412	253 299
Other Furniture and Fittings	1 203 778	85 500	-	-	-	1 289 278	316 798	175 151	-	-	491 948	797 330
<i>Motor Vehicles:</i>												
Bakkies (LDV's)	9 048 961	3 671 729	-	-	-	12 720 690	1 791 918	1 356 996	-	-	3 148 914	9 571 776
Motor Cars	1 147 936	2 069 806	-	-	-	3 217 742	166 732	257 721	-	-	424 453	2 793 288
Motor Cycles	1	-	-	-	-	1	0	0	-	-	1	1
Tractors	18 014 952	-	-	-	-	18 014 952	2 350 365	1 488 081	-	-	3 838 446	14 176 506
Trailers and Accessories	1 180 492	-	-	-	-	1 180 492	358 385	203 761	-	-	562 146	618 346
Trucks	22 340 833	1 963 863	-	-	-	24 304 697	11 855 900	2 138 704	-	-	13 994 604	10 310 093
<i>Office Equipment:</i>												
Air Conditioners	2 133 861	67 476	-	-	-	2 201 337	596 357	311 294	-	-	907 651	1 293 686
Audiovisual Equipment	257 286	-	-	-	-	257 286	35 477	31 846	-	-	67 323	189 963
Chairs, Decorations and Robes	14 250	-	-	-	-	14 250	2 850	633	-	-	3 483	10 767
Domestic Equipment	55 865	-	-	-	-	55 865	13 892	8 181	-	-	22 073	33 792
Laboratory Equipment	175 097	109 324	-	-	-	284 421	52 591	53 025	-	-	105 616	178 805
Office Machines	109 452	-	-	-	-	109 452	42 376	13 677	-	-	56 053	53 399
Other Office Equipment	1 133 909	235 108	-	-	-	1 369 017	202 337	134 869	-	-	337 205	1 031 811
Photographic Equipment	813	-	-	-	-	813	162	81	-	-	244	569

APPENDIX B
OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<i>Plant and Equipment:</i>												
Agricultural / Farm Equipment	5 006 953	-	-	-	-	5 006 953	1 987 762	1 004 457	-	-	2 992 220	2 014 734
Compressors, Generators and Alli	610 911	160 583	-	-	-	771 494	196 557	143 808	-	-	340 366	431 129
Container - Storage	230 082	-	-	-	-	230 082	8 843	54 851	-	-	63 693	166 388
Earthmoving Equipment	3 689 000	-	-	-	-	3 689 000	2 191 167	332 182	-	-	2 523 350	1 165 650
Fire Arms	44 975	-	-	-	-	44 975	20 634	10 343	-	-	30 977	13 998
Gardening Equipment	576 694	-	-	-	-	576 694	210 079	116 044	-	-	326 124	250 571
Irrigation Systems	-	192 200	-	-	-	192 200	-	6 604	-	-	6 604	185 596
Lawnmowers	87 868	-	-	-	-	87 868	31 341	24 009	-	-	55 350	32 518
Other Plant and Equipment	1 121 708	210 546	-	-	-	1 332 254	441 423	248 894	-	-	690 317	641 937
Pumps and Plumbing Equipment	393 868	25 090	-	-	-	418 958	7 463	83 717	-	-	91 180	327 779
Radio Equipment	2 351 317	175 002	-	-	-	2 526 319	209 516	133 138	-	-	342 653	2 183 665
Security Systems	196 910	190 435	-	-	-	387 344	39 490	79 409	-	-	118 899	268 445
Sport & Eecreational Equipment	78 865	-	-	-	-	78 865	31 529	15 677	-	-	47 206	31 659
Telecommunication Equipment	4 063	-	-	-	-	4 063	278	210	-	-	488	3 574
Tents, Flags and Accessories	4 000	-	-	-	-	4 000	1 634	888	-	-	2 522	1 478
Workshop Equipment	447 118	-	-	-	-	447 118	125 414	100 299	-	-	225 713	221 405
Workshop Tools	-	28 425	-	-	-	28 425	-	2 841	-	-	2 841	25 584
<i>Specialised Vehicles:</i>												
Fire Engines	2 757 140	-	-	-	-	2 757 140	276 434	332 747	-	-	609 181	2 147 959
Graders	1 999 900	-	-	-	-	1 999 900	1 445 082	85 452	-	-	1 530 534	469 366
Road Construction Machinery	5 900	-	-	-	-	5 900	-	1 343	-	-	1 343	4 557
Tippers	779 864	-	-	-	-	779 864	290 053	43 474	-	-	333 527	446 337
Waste Disposal Trucks	7 043 000	-	-	-	-	7 043 000	4 356 963	319 890	-	-	4 676 853	2 366 147
	104 255 206	11 092 398	-	-	-	115 347 604	34 573 766	12 564 889	-	-	47 138 655	68 208 949
Total	4 992 579 279	13 700 529	1 300 767 114	111 987 129	(87 586 815)	6 331 447 236	1 853 810 361	267 001 123	-	(61 664 032)	2 059 147 453	4 272 299 783
						0.00					0.00	0.00

APPENDIX B
OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R

OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Investment Properties	R	R	R	R	R	R	R	R	R	R	R	R
Land	2 200 000	-	-	-	-	2 200 000	-	-	-	-	-	2 200 000
	2 200 000	-	-	-	-	2 200 000	-	-	-	-	-	2 200 000
						0.00						

OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Intangible Assets	R	R	R	R	R	R	R	R	R	R	R	R
Computer Software	2 071 433	-	-	-	-	2 071 433	1 323 641	303 617	-	-	1 627 258	444 175
Ward Based Database	5 797 519	-	-	-	-	5 797 519	4 349 131	724 194	-	-	5 073 325	724 194
	7 868 952	-	-	-	-	7 868 952	5 672 772	1 027 811	-	-	6 700 583	1 168 369
						0.00						

OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Heritage Assets	R	R	R	R	R	R	R	R	R	R	R	R
Public Statues	90 000	-	-	-	-	90 000	-	-	-	-	-	90 000
	90 000	-	-	-	-	90 000	-	-	-	-	-	90 000
						0.00						

APPENDIX B
OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R

OR TAMBO DISTRICT MUNICIPALITY
ANALYSIS OF BIOLOGICAL ASSETS AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Trees in Plantation												
Trees in Plantation	9 672 500	-	-	(484 000)	-	9 188 500	-	-	-	-	-	9 188 500
	9 672 500	-	-	(484 000)	-	9 188 500	-	-	-	-	-	9 188 500
Cattle												
Bulls	68 368	-	-	56 973	-	125 341	-	-	-	-	-	125 341
Cows	3 427 914	-	-	185 610	(596 792)	3 016 733	-	-	-	-	-	3 016 733
Calves	1 176 882	751 344	-	(1 071 547)	(16 623)	840 056	-	-	-	-	-	840 056
Heifers	1 755 600	-	-	(249 432)	(39 900)	1 466 268	-	-	-	-	-	1 466 268
Steers	-	-	-	-	-	-	-	-	-	-	-	-
Weaners	-	-	-	-	-	-	-	-	-	-	-	-
	6 428 764	751 344	-	(1 078 396)	(653 315)	5 448 398	-	-	-	-	-	5 448 398
	16 101 264	751 344	-	(1 562 396)	(653 315)	14 636 898	-	-	-	-	-	14 636 898
						0.00						
Total Asset Register	5 018 839 495	14 451 873	1 300 767 114	110 424 734	(88 240 130)	6 356 243 086	1 859 483 133	268 028 934	-	(61 664 032)	2 065 848 036	4 290 395 050

APPENDIX C
OR TAMBO DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2015

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	525 098	-	-	-	-	525 098	20 743	81 456	-	-	102 199	422 899
Budget and Treasury Office	210 124 777	11 092 398	-	-	-	221 217 176	58 436 439	16 273 613	-	-	74 710 052	146 507 124
Corporate Services	54 993	-	-	-	-	54 993	21 415	11 002	-	-	32 418	22 575
Community and Social Services	1 898 914	-	-	-	-	1 898 914	206 759	226 096	-	-	432 856	1 466 058
Public Safety	2 837 136	-	-	-	-	2 837 136	254 997	229 996	-	-	484 994	2 352 142
Health	291 982	-	-	-	-	291 982	15 945	35 560	-	-	51 505	240 477
Planning and Development	16 214 455	751 344	-	(1 562 396)	(653 315)	14 750 089	22 144	22 274	-	-	44 418	14 705 671
Roads and Transport	295 279 101	-	10 759 072	-	(5 279 400)	300 758 772	173 356 881	13 720 276	-	(5 260 073)	181 817 084	118 941 688
Water	4 491 592 813	2 608 131	1 290 008 043	111 987 129	(82 307 415)	5 813 888 700	1 627 139 724	237 424 613	-	(56 403 959)	1 808 160 378	4 005 728 323
Other	20 226	-	-	-	-	20 226	8 086	4 047	-	-	12 133	8 093
Total	5 018 839 495	14 451 873	1 300 767 114	110 424 734	(88 240 130)	6 356 243 086	1 859 483 133	268 028 934	-	(61 664 032)	2 065 848 036	4 290 395 050

APPENDIX D
OR TAMBO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

2014 Actual Income	2014 Budgeted Income	2014 Actual Expenditure	2014 Budgeted Expenditure	2014 Surplus/ (Deficit)	Description	2015 Actual Income	2015 Budgeted Income	2015 Actual Expenditure	2015 Budgeted Expenditure	2015 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration					
2 135 776	105 606 414	99 560 790	103 751 644	(97 425 014)	Executive and Council	2 146 881	120 951 118	113 258 854	118 179 576	(111 111 973)
792 775 090	73 265 849	89 602 683	71 298 122	703 172 407	Budget and Treasury Office	871 083 117	97 802 629	199 080 388	89 658 503	672 002 729
1 983 489	67 012 198	71 095 994	62 301 597	(69 112 505)	Corporate Services	42 400	77 180 314	80 434 589	75 316 320	(80 392 189)
					Community and Public Safety					
988 200	7 729 866	7 620 047	6 702 867	(6 631 847)	Community and Social Services	2 758 210	7 014 497	15 215 713	10 343 979	(12 457 502)
725 388	23 383 740	20 101 421	17 955 053	(19 376 032)	Public Safety	-	28 430 989	23 864 226	19 380 992	(23 864 226)
-	3 584 982	3 585 099	3 584 981	(3 585 099)	Sport and Recreation	-	3 178 287	2 513 102	3 178 288	(2 513 102)
-	10 178 043	10 729 938	5 973 573	(10 729 938)	Housing	-	9 661 899	7 200 495	7 238 740	(7 200 495)
-	4 857 975	3 775 850	4 677 976	(3 775 850)	Health	-	5 314 930	3 413 773	4 314 931	(3 413 773)
					Economic and Environmental Services					
326 007	15 298 759	15 672 131	15 286 761	(15 346 124)	Environmental Protection	2 546 140	17 558 727	17 021 312	17 699 685	(14 475 172)
2 715 676	57 329 829	48 534 185	54 340 421	(45 818 509)	Planning and Development	13 005 305	72 814 589	64 346 166	67 128 081	(51 340 862)
2 043 459	5 771 045	5 273 405	3 481 045	(3 229 946)	Roads and Transport	2 362 755	16 227 820	5 525 061	13 606 621	(3 162 306)
					Trading Services					
1 029 449 541	1 464 363 247	993 984 564	566 154 656	35 464 977	Water	617 847 591	1 458 034 164	786 699 029	682 293 332	(168 851 437)
-	2 255 976	1 803 362	2 059 411	(1 803 362)	Other	-	2 096 794	1 754 330	1 896 794	(1 754 330)
1 833 142 626	1 840 637 923	1 371 339 470	917 568 107	461 803 157	Sub-Total	1 511 792 398	1 916 266 757	1 320 327 038	1 110 235 842	191 465 361
1 833 142 626	1 840 637 923	1 371 339 470	917 568 107	461 803 157	Total	1 511 792 398	1 916 266 757	1 320 327 038	1 110 235 842	191 465 361

**APPENDIX E(1)
OR TAMBO DISTRICT MUNICIPALITY**

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15										2013/14				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE - STANDARD															
Governance and Administration:															
Executive and Council	113 910 062	7 041 056	120 951 118	-	-	120 951 118	2 146 881	-	(118 804 237)	1.77	1.88				2 135 776
Budget and Treasury Office	87 998 431	9 804 198	97 802 629	-	-	97 802 629	871 083 117	-	773 280 488	890.65	989.88				792 775 090
Corporate Services	89 831 166	(12 650 852)	77 180 314	-	-	77 180 314	42 400	-	(77 137 914)	0.05	0.05				1 983 489
Community and Public Safety:															
Community and Social Services	7 014 497	-	7 014 497	-	-	7 014 497	2 758 210	-	(4 256 287)	39.32	39.32				988 200
Sport and Recreation	2 666 181	512 106	3 178 287	-	-	3 178 287	-	-	(3 178 287)	0.00	0.00				-
Public Safety	28 278 372	152 617	28 430 989	-	-	28 430 989	-	-	(28 430 989)	0.00	0.00				725 388
Housing	9 165 008	496 891	9 661 899	-	-	9 661 899	-	-	(9 661 899)	0.00	0.00				-
Health	5 302 533	12 397	5 314 930	-	-	5 314 930	-	-	(5 314 930)	0.00	0.00				-
Economic and Environmental Services:															
Planning and Development	70 402 415	2 412 174	72 814 589	-	-	72 814 589	13 005 305	-	(59 809 284)	17.86	18.47				2 715 676
Road Transport	11 504 887	4 722 933	16 227 820	-	-	16 227 820	2 362 755	-	(13 865 065)	14.56	20.54				2 043 459
Environmental Protection	16 418 260	1 140 467	17 558 727	-	-	17 558 727	2 546 140	-	(15 012 587)	14.50	15.51				326 007
Trading Services:															
Water	1 267 454 536	190 579 628	1 458 034 164	-	-	1 458 034 164	617 847 591	-	(840 186 573)	42.38	48.75				1 029 449 541
Other:															
Tourism	2 514 054	(417 260)	2 096 794	-	-	2 096 794	-	-	(2 096 794)	0.00	0.00				-
Total Revenue - Standard	1 712 460 402	203 806 355	1 916 266 757	-	-	1 916 266 757	1 511 792 398	-	(404 474 359)	78.89	88.28	-	-	-	1 833 142 626
EXPENDITURE - STANDARD															
Governance and Administration:															
Executive and Council	109 910 066	8 180 510	118 090 576	-	89 000	118 179 576	113 258 854	-	(4 920 722)	95.84	103.05				99 560 790
Budget and Treasury Office	78 481 892	11 176 611	89 658 503	-	-	89 658 503	199 080 388	-	109 421 885	222.04	253.66				89 602 683
Corporate Services	86 781 171	(11 464 851)	75 316 320	-	-	75 316 320	80 434 589	-	5 118 269	106.80	92.69				71 095 994
Community and Public Safety:															
Community and Social Services	7 014 497	3 329 482	10 343 979	-	-	10 343 979	15 215 713	-	4 871 734	147.10	216.92				7 620 047
Sport and Recreation	2 666 180	512 108	3 178 288	-	-	3 178 288	2 513 102	-	(665 186)	79.07	94.26				3 585 099
Public Safety	17 578 373	1 802 619	19 380 992	-	-	19 380 992	23 864 226	-	4 483 234	123.13	135.76				20 101 421
Housing	8 095 008	(856 268)	7 238 740	-	-	7 238 740	7 200 495	-	(38 245)	99.47	88.95				10 729 938
Health	4 302 534	12 397	4 314 931	-	-	4 314 931	3 413 773	-	(901 158)	79.12	79.34				3 775 850
Economic and Environmental Services:															
Planning and Development	65 352 413	1 775 668	67 128 081	-	-	67 128 081	64 346 166	-	(2 781 915)	95.86	98.46				48 534 185
Road Transport	8 818 885	4 787 736	13 606 621	-	-	13 606 621	5 525 061	-	(8 081 560)	40.61	62.65				5 273 405
Environmental Protection	16 418 259	1 281 426	17 699 685	-	-	17 699 685	17 021 312	-	(678 373)	96.17	103.67				15 672 131
Trading Services:															
Water	419 805 483	255 887 849	675 693 332	-	6 600 000	682 293 332	786 699 029	-	104 405 697	115.30	187.40				993 984 564
Other:															
Tourism	2 314 053	(417 259)	1 896 794	-	-	1 896 794	1 754 330	-	(142 464)	92.49	75.81				1 803 362
Total Expenditure - Standard	827 538 814	276 008 028	1 103 546 842	-	6 689 000	1 110 235 842	1 320 327 038	-	210 091 196	118.92	159.55	-	-	-	1 371 339 470
Surplus/(Deficit) for the year	884 921 588	(72 201 673)	812 719 915	-	(6 689 000)	806 030 915	191 465 361	-	(614 565 554)	23.75	21.64	-	-	-	461 803 157

**APPENDIX E (2)
OR TAMBO DISTRICT MUNICIPALITY**

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15									2013/14					
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE BY VOTE															
Vote 1 - Council and Committees	109 627 543	6 514 137	116 141 680	-	-	116 141 680	2 146 881	-	(113 994 799)	1.85	1.96				2 135 776
Vote 2 - Finance and Administration	168 365 413	(3 386 821)	164 978 592	-	-	164 978 592	871 125 517	-	706 146 925	528.02	517.40				794 758 579
Vote 3 - Planning and Development	26 575 269	2 412 174	28 987 443	-	-	28 987 443	13 005 305	-	(15 982 138)	44.87	48.94				2 715 676
Vote 4 - Health	5 302 533	12 397	5 314 930	-	-	5 314 930	-	-	(5 314 930)	0.00	0.00				-
Vote 5 - Community and Social Services	7 014 497	-	7 014 497	-	-	7 014 497	2 758 210	-	(4 256 287)	39.32	39.32				988 200
Vote 6 - Housing	9 165 008	496 891	9 661 899	-	-	9 661 899	-	-	(9 661 899)	0.00	0.00				-
Vote 7 - Public Safety	28 278 372	152 617	28 430 989	-	-	28 430 989	-	-	(28 430 989)	0.00	0.00				725 388
Vote 8 - Sport and Recreation	2 666 181	512 106	3 178 287	-	-	3 178 287	-	-	(3 178 287)	0.00	0.00				-
Vote 9 - Environmental Protection	16 418 260	1 140 467	17 558 727	-	-	17 558 727	2 546 140	-	(15 012 587)	14.50	15.51				326 007
Vote 10 Road Transport	11 504 887	4 722 933	16 227 820	-	-	16 227 820	2 362 755	-	(13 865 065)	14.56	20.54				2 043 459
Vote 11 Water	1 281 201 239	191 646 714	1 472 847 953	-	-	1 472 847 953	617 847 591	-	(855 000 362)	41.95	48.22				1 029 449 541
Vote 12 Other Functions	46 341 200	(417 260)	45 923 940	-	-	45 923 940	-	-	(45 923 940)	0.00	0.00				-
Total Revenue by Vote	1 712 460 402	203 806 355	1 916 266 757	-	-	1 916 266 757	1 511 792 398	-	(404 474 359)	78.89	88.28	-	-	-	1 833 142 626
EXPENDITURE BY VOTE															
Vote 1 - Council and Committees	105 627 547	7 553 591	113 181 138	-	89 000	113 270 138	108 590 693	-	(4 679 445)	95.87	102.81				95 252 980
Vote 2 - Finance and Administration	157 798 877	(728 398)	157 070 479	-	-	157 070 479	272 303 834	-	115 233 355	173.36	172.56				154 342 468
Vote 3 - Planning and Development	21 525 267	1 775 668	23 300 935	-	-	23 300 935	25 901 301	-	2 600 366	111.16	120.33				13 858 089
Vote 4 - Health	4 302 534	12 397	4 314 931	-	-	4 314 931	3 413 773	-	(901 158)	79.12	79.34				3 775 850
Vote 5 - Community and Social Services	7 014 497	3 329 482	10 343 979	-	-	10 343 979	15 215 713	-	4 871 734	147.10	216.92				7 620 047
Vote 6 - Housing	8 095 008	(856 268)	7 238 740	-	-	7 238 740	7 200 495	-	(38 245)	99.47	88.95				10 729 938
Vote 7 - Public Safety	17 578 373	1 802 619	19 380 992	-	-	19 380 992	23 864 226	-	4 483 234	123.13	135.76				20 101 421
Vote 8 - Sport and Recreation	2 666 180	512 108	3 178 288	-	-	3 178 288	2 513 102	-	(665 186)	79.07	94.26				3 585 099
Vote 9 - Environmental Protection	16 418 259	1 281 426	17 699 685	-	-	17 699 685	17 021 312	-	(678 373)	96.17	103.67				15 672 131
Vote 10 Road Transport	8 818 885	4 787 736	13 606 621	-	-	13 606 621	5 525 061	-	(8 081 560)	40.61	62.65				5 273 405
Vote 11 Water	431 552 188	256 954 926	688 507 114	-	6 600 000	695 107 114	798 578 332	-	103 471 218	114.89	185.05				1 004 648 583
Vote 12 Other Functions	46 141 199	(417 259)	45 723 940	-	-	45 723 940	40 199 195	-	(5 524 745)	87.92	87.12				36 479 458
Total Expenditure by Vote	827 538 814	276 008 028	1 103 546 842	-	6 689 000	1 110 235 842	1 320 327 038	-	210 091 196	118.92	159.55	-	-	-	1 371 339 470
Surplus/(Deficit) for the year	884 921 588	(72 201 673)	812 719 915	-	(6 689 000)	806 030 915	191 465 361	-	(614 565 554)	23.75	21.64	-	-	-	461 803 157

APPENDIX E (3)
OR TAMBO DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15										2013/14				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Revenue by Source															
Rental of Facilities and Equipment	35 000	-	35 000	-	-	35 000	29 705	-	(5 295)	84.87	84.87	-	-	-	29 414
Interest Earned - External Investments	18 379 168	400 000	18 779 168	-	-	18 779 168	17 498 221	-	(1 280 947)	93.18	95.21	-	-	-	19 054 621
Interest Earned - Outstanding Debtors	18 460 000	-	18 460 000	-	-	18 460 000	33 621 598	-	15 161 598	182.13	182.13	-	-	-	28 006 450
Agency Services	-	-	-	-	-	-	87 160	-	87 160	0.00	0.00	-	-	-	104 015
Transfers Recognised - Operational	1 038 765 846	(193 894 898)	844 870 948	-	-	844 870 948	832 995 626	-	(11 875 322)	98.59	80.19	-	-	-	1 535 734 618
Other Revenue	211 036 001	21 006 126	232 042 127	-	-	232 042 127	80 823 347	-	(151 218 780)	34.83	38.30	-	-	-	99 734 105
Gains on Disposal of PPE	5 000 000	2 000 000	7 000 000	-	-	7 000 000	-	-	(7 000 000)	0.00	0.00	-	-	-	418 369
Total Revenue (excluding Capital Transfers & Contributions)	1 476 965 251	7 099 781	1 484 065 032			1 484 065 032	1 153 670 603		(330 394 429)	77.74	78.11				1 833 142 626
Expenditure															
Employee Related Costs	319 122 942	22 297 724	341 420 666	-	-	341 420 666	340 970 613	-	(450 053)	99.87	106.85	-	-	-	296 086 292
Remuneration of Councillors	449 188	(449 188)	-	-	-	-	16 457 660	16 457 660	16 457 660	0.00	3 663.87	-	-	-	11 310 100
Debt Impairment	46 243 385	-	46 243 385	-	-	46 243 385	64 909 869	18 666 484	18 666 484	140.37	140.37	-	-	-	23 339 253
Depreciation and Asset Impairment	160 490 586	400 000	160 890 586	-	-	160 890 586	268 028 934	107 138 348	107 138 348	166.59	167.01	-	-	-	225 666 775
Finance Charges	-	1 834 053	1 834 053	-	-	1 834 053	1 864 857	30 804	30 804	101.68	0.00	-	-	-	2 343 214
Bulk Purchases	41 000 000	-	41 000 000	-	-	41 000 000	39 261 927	-	(1 738 073)	95.76	95.76	-	-	-	40 105 296
Other Materials	28 133 758	23 919 779	52 053 537	-	(670 000)	51 383 537	36 719 837	-	(14 663 700)	71.46	130.52	-	-	-	26 261 315
Contracted Services	24 912 500	821 000	25 733 500	-	-	25 733 500	21 704 726	-	(4 028 774)	84.34	87.12	-	-	-	22 198 299
Transfers and Grants	52 077 146	180 222 553	232 299 699	-	-	232 299 699	52 200 701	-	(180 098 998)	22.47	100.24	-	-	-	50 179 489
Other Expenditure	155 109 309	46 962 107	202 071 416	-	7 359 000	209 430 416	452 285 130	242 854 714	242 854 714	215.96	291.59	-	-	-	673 849 437
Loss on Disposal of PPE	-	-	-	-	-	-	25 922 784	25 922 784	25 922 784	0.00	0.00	-	-	-	-
Total Expenditure	827 538 814	276 008 028	1 103 546 842		6 689 000	1 110 235 842	1 320 327 038	411 070 794	210 091 196	118.92	159.55				1 371 339 470
Surplus/(Deficit)	649 426 437	(268 908 247)	380 518 190		(6 689 000)	373 829 190	(166 656 434)	(411 070 794)	(540 485 624)	0.00	0.00				461 803 157
Transfers Recognised - Capital	235 495 151	196 706 574	432 201 725	-	-	432 201 725	358 121 795	-	(74 079 930)	82.86	152.07	-	-	-	-
Surplus/(Deficit) for the Year	884 921 588	(72 201 673)	812 719 915		(6 689 000)	806 030 915	191 465 361	(411 070 794)	(614 565 554)	23.75	21.64				461 803 157

APPENDIX E(4)
OR TAMBO DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15										2013/14				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE - VOTE															
Multi-year Expenditure															
Total Capital Expenditure - Multi-year	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Single-year Expenditure															
Vote 1 - Council and Committees	4 000 000	-	4 000 000	-	-	4 000 000	-	-	(4 000 000)	0.00	0.00	-	-	-	522 678
Vote 2 - Finance and Administration	10 895 000	(100 000)	10 795 000	-	(1 445 000)	9 350 000	11 092 398	-	1 742 398	118.64	101.81	-	-	-	6 408 960
Vote 3 - Planning and Development	5 165 000	521 507	5 686 507	-	-	5 686 507	751 344	-	(4 935 163)	13.21	14.55	-	-	-	1 342 394
Vote 4 - Health	1 000 000	-	1 000 000	-	-	1 000 000	-	-	(1 000 000)	0.00	0.00	-	-	-	7 200
Vote 5 - Community and Social Services	-	2 800 000	2 800 000	-	-	2 800 000	-	-	(2 800 000)	0.00	0.00	-	-	-	55 172
Vote 6 - Housing	1 070 000	700 000	1 770 000	-	(770 000)	1 000 000	-	-	(1 000 000)	0.00	0.00	-	-	-	-
Vote 7 - Public Safety	10 700 000	(4 000 000)	6 700 000	-	-	6 700 000	-	-	(6 700 000)	0.00	0.00	-	-	-	142 276
Vote 8 - Sport and Recreation	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Vote 9 - Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Vote 10 - Road Transport	2 686 000	-	2 686 000	-	-	2 686 000	-	-	(2 686 000)	0.00	0.00	-	-	-	65 369
Vote 11 - Water	799 739 054	(14 720 000)	785 019 054	-	-	785 019 054	422 376 291	-	(362 642 763)	53.80	52.81	-	-	-	413 381 706
Vote 12 - Other Functions	200 000	-	200 000	-	-	200 000	-	-	(200 000)	0.00	0.00	-	-	-	-
Total Capital Expenditure - Single-year	835 455 054	(14 798 493)	820 656 561	-	(2 215 000)	818 441 561	434 220 033	-	(384 221 528)	53.05	51.97	-	-	-	421 925 755
Total Capital Expenditure - Vote	835 455 054	(14 798 493)	820 656 561	-	(2 215 000)	818 441 561	434 220 033	-	(384 221 528)	53.05	51.97	-	-	-	421 925 755
CAPITAL EXPENDITURE - STANDARD															
Governance and Administration:															
Executive and Council	4 000 000	-	4 000 000	-	-	4 000 000	-	-	(4 000 000)	0.00	0.00	-	-	-	522 678
Budget and Treasury Office	7 845 000	300 000	8 145 000	-	(645 000)	7 500 000	11 092 398	3 592 398	3 592 398	147.90	141.39	-	-	-	5 817 233
Corporate Services	3 050 000	(400 000)	2 650 000	-	(800 000)	1 850 000	-	-	(1 850 000)	0.00	0.00	-	-	-	-
Community and Public Safety:															
Community and Social Services	-	2 800 000	2 800 000	-	-	2 800 000	-	-	(2 800 000)	0.00	0.00	-	-	-	55 172
Public Safety	10 700 000	(4 000 000)	6 700 000	-	-	6 700 000	-	-	(6 700 000)	0.00	0.00	-	-	-	142 276
Housing	1 070 000	700 000	1 770 000	-	(770 000)	1 000 000	-	-	(1 000 000)	0.00	0.00	-	-	-	-
Health	1 000 000	-	1 000 000	-	-	1 000 000	-	-	(1 000 000)	0.00	0.00	-	-	-	7 200
Economic and Environmental Services:															
Planning and Development	5 165 000	521 507	5 686 507	-	-	5 686 507	751 344	-	(4 935 163)	13.21	14.55	-	-	-	1 342 394
Road Transport	2 686 000	-	2 686 000	-	-	2 686 000	-	-	(2 686 000)	0.00	0.00	-	-	-	65 369
Trading Services:															
Water	799 739 054	(14 720 000)	785 019 054	-	-	785 019 054	422 376 291	-	(362 642 763)	53.80	52.81	-	-	-	413 381 706
Other:															
Tourism	200 000	-	200 000	-	-	200 000	-	-	(200 000)	0.00	0.00	-	-	-	-
Total Capital Expenditure - Standard	835 455 054	(14 798 493)	820 656 561	-	(2 215 000)	818 441 561	434 220 033	3 592 398	(384 221 528)	53.05	51.97	-	-	-	421 334 028
FUNDED BY:															
National Government	711 969 053	(2 670 053)	709 299 000	-	-	709 299 000	419 768 160	-	(289 530 840)	59.18	58.96	-	-	-	413 381 706
Provincial Government	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Other Transfers and Grants	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Transfers Recognised - Capital	711 969 053	(2 670 053)	709 299 000	-	-	709 299 000	419 768 160	-	(289 530 840)	59.18	58.96	-	-	-	413 381 706
Public Contributions & Donations	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Internally Generated Funds	123 486 001	(12 128 440)	111 357 561	-	(2 215 000)	109 142 561	14 451 873	-	(94 690 688)	13.24	11.70	-	-	-	7 952 322
Total Capital Funding	835 455 054	(14 798 493)	820 656 561	-	(2 215 000)	818 441 561	434 220 033	-	(384 221 528)	53.05	51.97	-	-	-	421 334 028

APPENDIX E(5)
OR TAMBO DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15							2013/14	
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	R	R	R	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and Other	353 824 352	20 263 627	374 087 979	344 267 416	221 631 016	(122 636 400)	64.38	62.64	367 901 231
Government - Operating	1 038 880 849	(193 383 574)	845 497 275	845 497 275	808 919 951				1 366 653 743
Government - Capital	235 495 151	196 706 574	432 201 725	432 201 725	358 121 795	(74 079 930)	82.86	152.07	-
Interest	37 339 168	(100 000)	37 239 168	43 000 000	24 012 949	(18 987 051)	55.84	64.31	25 194 506
Payments									
Suppliers and Employees	(569 986 283)	95 271 984	(474 714 299)	(452 869 569)	(830 237 349)	(377 367 780)	0.00	0.00	(1 049 406 031)
Finance Charges	-	-	-	-	(1 864 857)	(1 864 857)	0.00	0.00	(2 343 214)
Transfers and Grants	(52 077 146)	(180 222 553)	(232 299 699)	(232 299 699)	(52 200 701)	180 098 998	0.00	0.00	(50 179 489)
NET CASH FROM / (USED) OPERATING ACTIVITIES	1 043 476 091	(61 463 942)	982 012 149	979 797 147	528 382 804	(414 837 020)	53.93	50.64	657 820 747
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of PPE	5 080 000	-	5 080 000	5 080 000	653 315	(4 426 685)	12.86	12.86	6 609 941
Decrease / (Increase) in Non-current Debtors	-	-	-	-	(179 522)	(179 522)	0.00	0.00	1 598 993
Payments									
Capital Assets	(835 455 054)	14 798 493	(820 656 561)	(818 441 561)	(434 220 033)	384 221 528	0.00	0.00	(654 751 620)
NET CASH FROM / (USED) INVESTING ACTIVITIES	(830 375 054)	14 798 493	(815 576 561)	(813 361 561)	(433 746 241)	379 615 320	0.00	0.00	(646 542 686)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
New Loans raised	-	-	-	-	-	-	0.00	0.00	255 195
Payments									
Loans repaid	-	-	-	-	(663 503)	(663 503)	0.00	0.00	(674 575)
NET CASH FROM / (USED) FINANCING ACTIVITIES	-	-	-	-	(663 503)	(663 503)	0.00	0.00	(419 380)
NET INCREASE / (DECREASE) IN CASH HELD	(213 101 037)	46 665 449	(166 435 588)	(166 435 586)	(93 973 060)	72 462 526	0.00	0.00	(10 858 680)
Cash / Cash Equivalents at the Year begin:	629 708 152	(394 328 616)	235 379 536	235 379 536	203 942 672	(31 436 864)	86.64	32.39	193 083 992
Cash / Cash Equivalents at the Year-end:	842 809 189	(440 994 065)	401 815 124	401 815 122	297 915 732	(103 899 390)	74.14	35.35	203 942 672

**APPENDIX F
OR TAMBO DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure					Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	June	Sept	Dec	March	June	Sept	Dec	March	June			
Equitable Share	Nat Treasury	218 634 000	179 057 000	149 590 000	0	0	0	218 634 000	179 057 000	149 590 000	N/A	N/A	N/A	67 000	Under Spending	Yes	N/A
FMG	Nat Treasury	1 500 000	0	0	0	0	487 000	383 000	347 000	339 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG	COGTA	120 874 000	181 311 000	302 186 000	0	24 423 000	108 897 000	198 522 000	176 693 000	113 187 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	DPLG	934 000	0	0	0	37 000	0	0	213 000	788 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MWIG	DWA	22 360 000	44 722 000	22 360 000	0	0	3 885 000	14 360 000	5 159 000	66 068 000	N/A	N/A	N/A	57 000	Under Spending	Yes	N/A
WSOG	DWA	2 500 000	5 000 000	2 500 000	0	3 226 000	0	0	386 000	10 129 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
RHIG	Human Settlements	0	0	4 500 000	0	651 000	0	0	0	389 000	N/A	N/A	N/A	4 000 000	Under Spending	Yes	N/A
EPWP	Public Works	5 198 000	3 898 000	3 898 000	0	14 406 000	745 000	2 585 000	3 973 000	5 761 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
RRAM	Transport	2 686 000	0	0	0	0	0	398 000	0	2 295 000	N/A	N/A	N/A	930 000	Under Spending	Yes	N/A
Total Grants and Subsidies Received		374 686 000	413 988 000	485 034 000	0	42 743 000	114 014 000	434 882 000	365 828 000	348 546 000	0	0	0	5 054 000			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																	

APPENDIX G
OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2015

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor												
Meth N (Ms)	-	559 735	-	218 463	21 240	-	-	-	-	-	116 521	915 958
Speaker												
Nogumla R.Z.	-	447 788	-	174 770	23 562	-	-	-	-	-	97 391	743 510
Mayoral Committee												
Dambuza M.B.	-	259 084	-	108 827	14 466	-	-	-	-	-	152 061	534 439
Dyule N.W. (Ms)	-	419 801	-	163 847	22 386	-	-	-	-	-	126 033	732 067
Mambila L.N.	-	419 801	-	163 847	22 317	-	-	-	-	-	118 321	724 286
Mgugudo N.O. (Ms)	-	419 801	-	163 847	23 178	-	-	-	-	-	223 138	829 964
Ngozi W.	-	419 801	-	163 847	22 174	-	-	-	-	-	101 509	707 331
Ntshuba V.W.	-	419 801	-	163 847	19 555	-	-	-	-	-	191 397	794 599
Pepping P.N. (Ms)	-	419 801	-	163 847	22 246	-	-	-	-	-	109 631	715 525
Sabisa T.	-	447 788	-	174 770	17 653	-	-	-	-	-	97 391	737 601
Sabona N.J.	-	419 801	-	163 847	17 268	-	-	-	-	-	173 505	774 421
Chairpersons (Section 79)												
Dudumayo B.R.	-	391 815	-	152 924	21 192	-	-	-	-	-	143 539	709 470
Nkani B.J. (Ms)	-	391 815	-	152 924	18 485	-	-	-	-	-	180 650	743 873
Soguntuza N. (Ms)	-	391 815	-	152 924	18 200	-	-	-	-	-	143 930	706 869
Ntobongwana N. (Ms)	-	396 214	-	154 674	21 170	-	-	-	-	-	102 944	675 002
Other Councillors												
Budu S.	-	7 190	-	2 397	192	-	-	-	-	-	14 462	24 241
Bunzana M.	-	7 190	-	2 397	906	-	-	-	-	-	99 753	110 245
Capa N.Y. (Ms)	-	13 122	-	11 652	1 767	-	-	-	-	-	208 326	234 867
Cwecwe N.N. (Ms)	-	13 122	-	11 652	870	-	-	-	-	-	87 088	112 731
Dawedi A.M.	-	13 122	-	11 652	797	-	-	-	-	-	61 139	86 708
Dlani X.H. (Ms)	-	13 122	-	11 652	837	-	-	-	-	-	79 913	105 524
Gogo M.	-	13 122	-	11 652	964	-	-	-	-	-	107 088	132 825
Gwadiso V.O.	-	7 190	-	2 397	602	-	-	-	-	-	81 696	91 884
Hibhane Z.	-	60 700	-	30 221	1 096	-	-	-	-	-	47 475	139 492
Khuphelo T.E.	-	13 122	-	11 652	424	-	-	-	-	-	39 825	65 022
Kotana M.P.J.	-	19 204	-	13 824	835	-	-	-	-	-	82 597	116 461
Kwaza M.S.	-	7 190	-	2 397	214	-	-	-	-	-	17 362	27 162
Magaya F.A.	-	13 122	-	11 652	871	-	-	-	-	-	84 852	110 496
Makhedama M.	-	215 498	-	84 108	11 501	-	-	-	-	-	105 917	417 024
Mamve N.N. (Ms)	-	167 920	-	65 539	9 154	-	-	-	-	-	49 803	292 416
Mandita K.	-	167 920	-	65 539	9 990	-	-	-	-	-	156 744	400 193
Maqabuka Z.V.	-	7 190	-	2 397	329	-	-	-	-	-	45 942	55 857
Mathe M.S.	-	1 461	-	487	153	-	-	-	-	-	13 537	15 638
Matomane R.N. (Ms)	-	13 122	-	11 652	445	-	-	-	-	-	42 705	67 923
Mbede B.	-	215 498	-	84 108	7 807	-	-	-	-	-	111 279	418 692
Mbotshwa N. (Ms)	-	22 974	-	15 081	549	-	-	-	-	-	39 781	78 386
Mkrokrelwa M.	-	13 122	-	11 652	957	-	-	-	-	-	95 083	120 813
Mlamli S.	-	259 071	-	107 895	15 262	-	-	-	-	-	257 215	639 443
Mnyanda V.	-	13 122	-	11 652	657	-	-	-	-	-	58 428	83 858
Mpemnyama N.	-	7 190	-	2 397	338	-	-	-	-	-	47 592	57 516
Mvamveki R.N.	-	13 122	-	11 652	620	-	-	-	-	-	39 585	64 978
Mziba L. (Ms)	-	60 700	-	30 221	1 253	-	-	-	-	-	68 752	160 926
Mzimane N.F.	-	7 190	-	2 397	741	-	-	-	-	-	68 503	78 830
Ndlobongela B.	-	7 190	-	2 397	841	-	-	-	-	-	111 161	121 589

**APPENDIX G
OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2015

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Ndude L.M.	-	167 920		65 539	9 579						84 477	327 514
Ndzwaiyiba M.W.	-	167 920		65 539	9 316						49 563	292 338
Ngabayena M.	-	7 190		2 397	885						95 314	105 785
Njemla S.N.	-	215 498		84 108	11 208						63 334	374 148
Nkungu M.I.	-	60 700		30 221	2 285						197 778	290 983
Nomvete T.	-	4 793		1 598	146						8 533	15 070
Ntshoyi N.P. (Ms)	-	13 122		11 652	646						42 105	67 524
Nyoka M.	-	7 190		2 397	631						57 499	67 717
Ruleni S.A.	-	13 122		11 652	403						35 745	60 921
Sigcau M.	-	287 331		-	11 291						78 009	376 631
Sikhonkotela N.	-	7 190		2 397	342						48 750	58 679
Socikwa M.C.	-	265 003		109 960	16 960						174 906	566 829
Thwatshuka D.	-	13 122		11 652	623						39 679	65 075
Xangayi C.T.	-	167 920		65 539	9 723						102 171	345 353
Zimela M.A.	-	4 793		1 598	170						12 352	18 913
Zweni R.M.	-	22 974		15 081	552						40 261	78 869
Total for Councillors	-	9 043 252	-	3 562 890	450 821	-	-	-	-	-	5 532 037	18 589 001
Municipal Manager												
Hlazo H.T.	-	560 998	109 517	90 000	28 342	-	-	1 717 004	-	-	6 475	2 512 336
Dunywa P.A.X. (Acting)	-	-	-	-	-	-	-	-	-	-	33 429	33 429
Hani T. (Acting)	-	-	-	-	-	-	-	-	-	-	53 881	53 881
Chief Financial Officer												
Moleko M.E.	-	928 249	-	450 089	51 877	-	-	-	-	-	98 437	1 528 652
Director: Chief of Staff												
Mbatani B.N.	-	746 999	77 447	80 000	34 162	-	-	135 837	-	-	5 000	1 079 444
Nogwanya S.	-	325 301	-	40 000	-	-	-	-	-	-	65 399	430 699
Director: Community and Social Affairs												
Somana N.T.	-	1 146 758	-	180 000	51 420	-	-	-	-	-	12 468	1 390 646
Director: Human Resources												
Mhlembana V.	-	558 997	47 075	140 000	28 923	-	-	174 106	-	-	11 401	960 501
Mfenguza N.O. (Acting)	-	-	-	-	-	-	-	-	-	-	26 446	26 446
Twani R.Z. (Acting)	-	-	-	-	-	-	-	-	-	-	8 719	8 719
Director: Human Settlement												
Mnyanda N. (Acting)	-	-	-	-	-	-	-	-	-	-	228 865	228 865
Director: Internal Audit												
Nquphaza V. (Acting))	-	-	-	-	-	-	-	-	-	-	139 207	139 207
Sotshede V.	-	249 320	-	66 250	3 469	-	-	-	-	-	-	319 039
Director: Office of the Executive Mayor												
Mbatani B.N.	-	380 760	-	40 000	7 386	-	-	-	-	-	123 974	552 120
Ningiza N. (Acting)	-	-	-	-	-	-	-	-	-	-	134 112	134 112

**APPENDIX G
OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2015

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Director: Rural and Economic Development Dunywa P.A.X.	-	1 266 892	-	84 000	53 325	-	-	-	-	-	154 906	1 559 124
Director: Technical Services Msebi N. (Acting)	-	-	-	-	-	-	-	-	-	-	27 850	27 850
Msebi N.	-	290 854	-	25 500	9 815	-	-	-	-	-	51 600	377 769
Director: Water Services Hlazo O.	-	923 730	-	120 000	48 823	-	-	-	-	-	295 477	1 388 030
Chief of Staff: Legislature Tseane M.M.	-	411 052	-	-	17 677	-	-	-	-	-	-	428 728
Total for Senior Managers	-	7 789 911	234 038	1 315 839	335 219	-	-	2 026 947	-	-	1 477 645	13 179 599
Total for Management	-	16 833 162	234 038	4 878 730	786 041	-	-	2 026 947	-	-	7 009 682	31 768 600

APPENDIX G
OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2014

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor												
Myolwa D	-	143 452	-	39 709	6 264	-	-	-	-	-	14 249	203 673
Meth N (Ms)	-	384 463	-	128 154	18 370	-	-	-	-	-	33 594	564 581
Speaker												
Meth N (Ms)	-	100 543	-	31 767	4 868	-	-	-	-	-	4 968	142 147
Nogumla R.Z.	-	309 246	-	103 082	14 832	-	-	-	-	-	32 036	459 195
Mayoral Committee												
Ntobongwana N. (Ms)	-	384 891	-	124 490	18 935	-	-	-	-	-	92 891	621 207
Nogumla R.Z.	-	94 259	-	29 788	4 655	-	-	-	-	-	14 988	143 690
Dyule N.W. (Ms)	-	384 891	-	126 665	19 310	-	-	-	-	-	134 877	665 743
Mambila L.N.	-	384 891	-	126 665	18 688	-	-	-	-	-	58 337	588 581
Mgugudo N.O. (Ms)	-	321 481	-	106 505	16 489	-	-	-	-	-	120 110	564 585
Ngozi W.	-	384 891	-	126 667	18 639	-	-	-	-	-	53 136	583 333
Pepping P.N. (Ms)	-	321 481	-	106 505	16 180	-	-	-	-	-	85 289	529 454
Sabisa T.	-	285 805	-	95 268	4 059	-	-	-	-	-	30 471	415 604
Sabona N.J.	-	279 207	-	93 069	4 085	-	-	-	-	-	47 796	424 157
Mbede B.	-	239 623	-	78 243	11 184	-	-	-	-	-	71 585	400 633
Nkani B.J. (Ms)	-	239 623	-	78 243	11 439	-	-	-	-	-	107 280	436 585
Soguntuza N. (Ms)	-	239 623	-	78 243	11 120	-	-	-	-	-	68 390	397 376
Chairpersons (Section 79)												
Dudumayo B.R.	-	362 428	-	120 809	18 208	-	-	-	-	-	119 001	620 447
Dambuza M.B.	-	219 703	-	73 235	11 214	-	-	-	-	-	53 217	357 368
Other Councillors												
Sigcau M.	-	229 669	-	3 971	8 298	-	-	-	-	-	40 971	282 909
Socikwa M.C.	-	244 150	-	81 383	16 095	-	-	-	-	-	110 035	451 663
Mlamli S.	-	230 935	-	74 685	12 749	-	-	-	-	-	206 922	525 291
Makhedama M.	-	176 213	-	57 427	8 350	-	-	-	-	-	62 102	304 092
Njemla S.N.	-	239 623	-	78 243	11 054	-	-	-	-	-	49 476	378 395
Ntshuba V.W.	-	176 213	-	57 427	8 493	-	-	-	-	-	80 749	322 881
Mamve N.N. (Ms)	-	153 957	-	49 790	7 727	-	-	-	-	-	28 861	240 335
Mandita K.	-	153 957	-	49 790	7 924	-	-	-	-	-	54 675	266 346
Ndude L.M.	-	153 957	-	49 790	7 984	-	-	-	-	-	46 991	258 722
Ndzwayiba M.W.	-	153 957	-	49 790	7 844	-	-	-	-	-	28 381	239 972
Xangayi C.T.	-	153 957	-	49 790	8 119	-	-	-	-	-	64 264	276 130
Mvanyashe M.N.	-	42 274	-	11 913	1 994	-	-	-	-	-	6 603	62 784
Hibhane Z.	-	27 938	-	9 264	446	-	-	-	-	-	18 524	56 172
Mziba L. (Ms)	-	27 938	-	9 264	534	-	-	-	-	-	29 420	67 157
Nkungu M.I.	-	27 938	-	9 264	912	-	-	-	-	-	76 903	115 017
Kotana M.P.J.	-	15 119	-	4 890	693	-	-	-	-	-	65 663	86 365
Mbotshwa N. (Ms)	-	15 119	-	4 890	214	-	-	-	-	-	4 686	24 909
Zweni R.M.	-	15 119	-	4 890	201	-	-	-	-	-	2 166	22 376
Capa N.Y. (Ms)	-	5 682	-	1 837	734	-	-	-	-	-	84 935	93 188
Dawedi A.M.	-	5 682	-	1 837	287	-	-	-	-	-	25 715	33 521
Gogo M.	-	5 682	-	1 837	680	-	-	-	-	-	78 232	86 431
Khuphelo T.E.	-	5 682	-	1 837	91	-	-	-	-	-	3 873	11 483
Magaya F.A.	-	5 682	-	1 837	345	-	-	-	-	-	33 468	41 333
Mathe M.S.	-	5 682	-	1 837	346	-	-	-	-	-	33 294	41 159
Matomane R.N. (Ms)	-	5 682	-	1 837	87	-	-	-	-	-	3 153	10 759
Mkrokrelwa M.	-	5 661	-	1 831	262	-	-	-	-	-	22 403	30 156

**APPENDIX G
OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2014

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Mnyanda V.	-	5 682	-	1 837	284	-	-	-	-	-	25 562	33 365
Mvamveki R.N.	-	5 682	-	1 837	99	-	-	-	-	-	2 793	10 411
Ntshoyi N.P. (Ms)	-	5 682	-	1 837	108	-	-	-	-	-	3 633	11 260
Ruleni S.A.	-	5 682	-	1 837	73	-	-	-	-	-	273	7 865
Thiyeka N. (Ms)	-	3 734	-	1 188	50	-	-	-	-	-	633	5 605
Thwatshuka D.	-	5 682	-	1 837	175	-	-	-	-	-	13 540	21 234
Dlani X.H. (Ms)	-	974	-	467	42	-	-	-	-	-	1 756	3 239
Cwecwe N.N. (Ms)	-	974	-	467	61	-	-	-	-	-	2 366	3 868
Total for Councillors	-	7 398 055	-	2 349 569	341 893	-	-	-	-	-	2 455 232	12 544 749
Municipal Manager												
Hlazo H.T.	-	1 072 355	93 075	180 000	51 022	-	-	-	-	-	124 173	1 520 624
Chief Financial Officer												
Moleko M.E.	-	455 902	19 229	247 719	24 100	-	-	25 573	-	-	33 649	806 173
Strategic Director: Corporate Services												
Nogaga T.T.	-	284 859	-	40 000	15 284	-	-	-	-	-	84 153	424 296
Strategic Director: Planning and Socio-Economic Development												
Somana N.T.	-	267 232	20 894	18 000	11 922	-	-	23 191	-	-	-	341 239
Director: Rural and Economic Development												
Dunywa P.A.X.	-	729 187	-	59 318	30 629	-	-	-	-	-	39 887	859 022
Director: Planning and Development												
Dunywa P.A.X.	-	210 675	21 723	30 955	11 226	-	-	34 183	-	-	23 384	332 146
Director: Infrastructure Engineer												
Khoza S.	-	195 446	15 023	30 000	11 295	-	-	25 573	-	-	80 978	358 315
Director: Human Resources												
Mhlembana V.	-	835 862	73 171	240 000	43 466	-	-	-	-	-	61 311	1 253 811
Director: Technical Services												
Matiso M.	-	-	-	-	-	-	-	-	-	-	-	-
Director: Water Services												
Mzayiya E.	-	144 691	-	13 865	7 544	-	-	25 573	-	-	36 034	227 707
Hlazo O.	-	377 111	-	30 000	15 585	-	-	-	-	-	74 689	497 384
Director: Housing												
Gqawa L.	-	186 933	14 314	48 884	11 136	-	-	25 579	-	-	58 346	345 191
Director: Community and Social Affairs												
Hlangu L.	-	204 917	15 812	18 000	11 339	-	-	25 573	-	-	65 919	341 561
Somana N.T.	-	439 981	-	-	13 373	-	-	-	-	-	24 848	478 202

**APPENDIX G
OR TAMBO DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2014

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Director: Political Advisor Mzamane Z.	-	325 394	-	-	17 204	-	-	216 422	-	-	17 896	576 917
Director: Chief Operations Officer Mbatani B.	-	216 248	22 342	48 301	32 919	-	-	34 098	-	-	34 220	388 128
Director: Chief of Staff Mbatani B.	-	745 909	-	86 100	32 492	-	-	-	-	-	102 123	966 624
Director: Office of the Executive Mayor Ncube A.	-	188 233	28 844	78 651	11 501	-	-	34 098	-	-	14 065	355 392
Director: Internal Audit Mbiko L.	-	227 603	35 406	36 000	11 703	-	-	38 232	-	-	14 065	363 008
Director: Legal Services Mgidlana T.	-	199 911	30 790	66 000	11 401	-	-	25 573	-	-	14 065	347 740
Total for Senior Managers	-	7 308 449	390 623	1 271 793	375 141	-	-	533 670	-	-	903 805	10 783 481
Total for Management	-	14 706 504	390 623	3 621 362	717 034	-	-	533 670	-	-	3 359 037	23 328 231

APPENDIX H
OR TAMBO DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2015

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2015	2014		
1. FINANCIAL POSITION								
A. Asset Management / Utilisation								
1. Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%		24.75%	23.53%	Refer to Page 2 of MFMA Circular No 71	
				Total Operating Expenditure	1 320 327 038	1 371 339 470		
				Taxation Expense	-	-		
				Total Capital Expenditure	434 220 033	421 925 755		
2. Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100	Statement of Financial Position, Notes to the AFS and AR	0%		2.52%	0.00%	Refer to Page 3 of MFMA Circular No 71	
				PPE, Investment Property & Intangible Impairment	107 659 973	-		
				PPE at Carrying Value	4 272 299 783	4 131 755 001		
				IP at Carrying Value	2 200 000	2 200 000		
				Intangible Assets at Carrying Value	1 168 369	2 196 180		
3. Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%		0.86%	0.64%	Refer to Page 4 of MFMA Circular No 71	
				Total Repairs and Maintenance Expenditure	36 719 837	26 261 315		
				PPE at Carrying Value	4 272 299 783	4 131 755 001		
				Investment Property at Carrying Value	2 200 000	2 200 000		
B. Debtors Management								
1. Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%		58.83%	69.71%	Refer to Page 5 of MFMA Circular No 71	
				Gross Debtors Closing Balance	466 977 356	375 478 495		
				Gross Debtors Opening Balance	375 478 495	321 537 814		
				Bad Debts Written-off	-	-		
				Billed Revenue	222 236 544	178 067 484		
2. Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		0.00%	0.00%	Refer to Page 5 of MFMA Circular No 71	
				Consumer Debtors Bad Debts Written-off	-	-		
				Consumer Debtors Current Bad Debt Provision	64 909 869	27 891 425		
3. Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue) x 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days		168 Days	155 Days	Refer to Page 6 of MFMA Circular No 71	
				Gross Debtors	466 977 356	375 478 495		
				Bad Debts Provision	364 854 067	299 944 198		
				Billed Revenue	222 236 544	178 067 484		
C. Liquidity Management								
1. Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short-term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months		4 Months	2 Months	Refer to Page 7 of MFMA Circular No 71	
				Cash and Cash Equivalents	297 915 732	203 942 672		
				Unspent Conditional Grants	4 110 015	26 221 827		
				Overdraft	-	-		
				Short-term Investments	-	-		
				Total Annual Operational Expenditure	960 027 255	1 121 807 688		
2. Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		1.23	0.98	Refer to Page 7 of MFMA Circular No 71	
				Current Assets	508 123 781	395 992 344		
				Current Liabilities	412 744 787	404 648 737		

APPENDIX H
OR TAMBO DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2015

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2015	2014		
C. Liability Management								
1. Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%		-0.05%	-0.05%	Refer to Page 8 of MFMA Circular No 71	
				Interest Paid	-	-		
				Redemption	(663 503)	(674 575)		
				Total Operating Expenditure	1 320 327 038	1 371 339 470		
				Taxation Expense	-	-		
2. Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		0.01%	0.00%	Refer to Page 9 of MFMA Circular No 71	
				Total Debt	104 859	-		
				Total Operating Revenue	1 511 792 398	-		
				Operational Conditional Grants	548 926 567	593 084 846		
C. Sustainability								
1. Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		100.00%	100.00%	Refer to Page 9 of MFMA Circular No 71	
				Cash and Cash Equivalents	297 915 732	203 942 672		
				Bank Overdraft	-	-		
				Short Term Investment	-	-		
				Long Term Investment	-	-		
				Unspent Grants	4 110 015	26 221 827		
				Net Assets	4 373 540 615	4 132 628 737		
				Share Premium	-	-		
				Share Capital	-	-		
				Revaluation Reserve	(0)	(0)		
Fair Value Adjustment Reserve	-	-						
Accumulated Surplus	4 373 540 615	4 132 628 737						
2. FINANCIAL PERFORMANCE								
A. Efficiency								
1. Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%		14.47%	25.08%	Refer to Page 10 of MFMA Circular No 71	
				Total Operating Revenue	1 511 792 398	1 829 808 226		
				Depreciation - Revalued Portion	(0)	-		
				Total Operating Expenditure	1 292 966 058	1 370 813 716		
				Taxation Expense	-	-		
2. Net Surplus / Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure / Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	0% - 15%		0.00%	0.00%	Refer to Page 10 of MFMA Circular No 71	
				Total Electricity Revenue	-	-		
				Total Electricity Expenditure	-	-		
3. Net Surplus / Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%		-27.33%	3.45%	Refer to Page 11 of MFMA Circular No 71	
				Total Water Revenue	617 847 591	1 029 449 541		
				Total Water Expenditure	786 699 029	993 984 564		
4. Net Surplus / Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%		0.00%	0.00%	Refer to Page 12 of MFMA Circular No 71	
				Total Refuse Revenue	-	-		
				Total Refuse Expenditure	-	-		
5. Net Surplus / Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%		0.00%	0.00%	Refer to Page 12 of MFMA Circular No 71	
				Total Sanitation and Waste Water Revenue	-	-		
				Total Sanitation and Waste Water Expenditure	-	-		

APPENDIX H
OR TAMBO DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2015

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2015	2014		
B. Distribution Losses								
1. Electricity Distribution Losses (Percentage)	$(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Units Sold}) / \text{Number of Electricity Units Purchased and/or Generated} \times 100$	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%	Number of Units Purchased and/or Generated Number of Units Sold	0.00% -	0.00% -	Refer to Page 13 of MFMA Circular No 71	
2. Water Distribution Losses (Percentage)	$(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100$	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%	Number of Kilolitres Purchased and/or Purified Number of Kilolitres Sold	140.41% (11 635 413)	138.58% (11 128 349)	Refer to Page 13 of MFMA Circular No 71	
C. Revenue Management								
1. Growth in Number of Active Consumer Accounts	$(\text{Period under Review's Number of Active Debtor Accounts} - \text{Previous Period's Number of Active Debtor Accounts}) / \text{Previous Number of Active Debtor Accounts} \times 100$	Debtors System	None	Number of Active Debtors Accounts (Previous) Number of Active Debtors Accounts (Current)	3.12% 21 427	2.24% 20 958	Refer to Page 14 of MFMA Circular No 71	
2. Revenue Growth (%)	$(\text{Period under Review's Total Revenue} - \text{Previous Period's Total Revenue}) / \text{Previous Period's Total Revenue} \times 100$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	= CPI	CPI Total Revenue (Previous) Total Revenue (Current)	-17.53% 4.70% 1 833 142 626	32.52% 6.60% 1 383 307 526	Refer to Page 15 of MFMA Circular No 71	
3. Revenue Growth (%) - Excluding Capital Grants	$(\text{Period under Review's Total Revenue, excluding Capital Grants} - \text{Previous Period's Total Revenue, excluding Capital Grants}) / \text{Previous Period's Total Revenue, excluding Capital Grants} \times 100$	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= CPI	CPI Total Revenue, excluding Capital Grants (Previous) Total Revenue, excluding Capital Grants (Current)	-2.13% 4.70% 890 492 854	23.75% 6.60% 719 563 993	Refer to Page 15 of MFMA Circular No 71	
D. Expenditure Management								
1. Creditors Payment Period (Trade Creditors)	$(\text{Trade Creditors Outstanding} / \text{Credit Purchases (Operating and Capital)}) \times 365$	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days	Trade Creditors Contracted Services Repairs and Maintenance General Expenses Bulk Purchases Capital Credit Purchases	58 Days 155 182 867 21 704 726 36 719 837 450 846 935 39 261 927 434 220 033	43 Days 168 446 812 22 198 299 26 261 315 673 323 683 40 105 296 654 751 620	Refer to Page 16 of MFMA Circular No 71	
2. Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	$(\text{Irregular, Fruitless \& Wasteful and Unauthorised Expenditure}) / \text{Total Operating Expenditure} \times 100$	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%	Irregular, Fruitless & Wasteful and Unauthorised Expenditure Total Operating Expenditure Taxation Expense	24.15% 318 895 211 1 320 327 038	45.12% 618 782 388 1 371 339 470	Refer to Page 16 of MFMA Circular No 71	
3. Remuneration as % of Total Operating Expenditure	$(\text{Remuneration (Employee Related Costs and Councillors' Remuneration)}) / \text{Total Operating Expenditure} \times 100$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%	Employee / Personnel Related Cost Councillors Remuneration Total Operating Expenditure Taxation Expense	27.07% 340 970 613 16 457 660 1 320 327 038	22.42% 296 086 292 11 310 100 1 371 339 470	Refer to Page 17 of MFMA Circular No 71	
4. Contracted Services % of Total Operating Expenditure	$(\text{Contracted Services} / \text{Total Operating Expenditure}) \times 100$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%	Contracted Services Total Operating Expenditure Taxation Expense	1.64% 21 704 726 1 320 327 038	1.62% 22 198 299 1 371 339 470	Refer to Page 17 of MFMA Circular No 71	

APPENDIX H
OR TAMBO DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2015

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2015	2014		
E. Grant Dependency								
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		3.33%	0.00%	Refer to Page 18 of MFMA Circular No 71
				Internally Generated Funds	14 451 873	-		
				Borrowings	-	-		
				Total Capital Expenditure	434 220 033	-		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		3.33%	0.00%	Refer to Page 18 of MFMA Circular No 71
				Internally Generated Funds	14 451 873	-		
				Total Capital Expenditure	434 220 033	-		
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	Statement Financial Performance, Budget, IDP, In-year Reports and AR	None		36.79%	33.40%	Refer to Page 18 of MFMA Circular No 71
				Total Revenue	1 511 792 398	1 833 142 626		
				Government Grant and Subsidies	1 189 153 558	1 535 734 618		
				Public Contributions and Donations	1 963 863	-		
				Capital Grants	640 226 992	942 649 772		
3. BUDGET IMPLEMENTATION								
A. Efficiency								
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%		53.05%	38.29%	Refer to Page 19 of MFMA Circular No 71
					Actual Capital Expenditure	434 220 033	421 925 755	
					Budgeted Capital Expenditure	818 441 561	1 101 779 273	
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		118.92%	149.45%	Refer to Page 20 of MFMA Circular No 71
					Actual Operating Expenditure	1 320 327 038	1 371 339 470	
					Budgeted Operating Expenditure	1 110 235 842	917 568 107	
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		78.89%	99.59%	Refer to Page 20 of MFMA Circular No 71
					Actual Operating Revenue	1 511 792 398	1 833 142 626	
					Budgeted Operating Revenue	1 916 266 757	1 840 637 923	
4.	Service Charges and Property Rates Revenue Budget Implementation Indicator	(Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		51.98%	55.79%	Refer to Page 21 of MFMA Circular No 71
					Actual Service Charges and Property Rates Revenue	188 614 946	150 061 034	
					Budgeted Service Charges and Property Rates Revenue	362 877 789	268 960 000	
Interpretation of Results:								
<div style="display: flex; justify-content: space-between;"> <div style="width: 20px; height: 10px; background-color: #90EE90; border: 1px solid black;"></div> The green colour indicates that the result is within the norm and is acceptable. </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 20px; height: 10px; background-color: #FF0000; border: 1px solid black;"></div> The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results. </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 20px; height: 10px; background-color: #ADD8E6; border: 1px solid black;"></div> Data should be captured in the blue coloured cell to calculate a ratio. </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 20px; height: 10px; background-color: #FFFFFF; border: 1px solid black; display: flex; align-items: center; justify-content: center;">#</div> In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced. </div>								