



Mopani District Municipality
(Demarcation code DC33)
Unaudited Annual financial statements
for the year ended 30 June 2015

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

General Information

Nature of business and principal activities

Provision of a democratic and accountable Local Government for communities in the mopani district area;

- Ensuring the provision of services to these communities in sustainable manner;
- Promotion of social and economic development;
- Promotion a safe and healthy environment; and
- Encourage the involvement of communities and community organisations in the matters of Local Government in the mopani district

Executive mayor

Councillor Rakgoale N.C

Speaker

Councillor Sedibeng D.W

Chief whip

Councillor Mushwana O.J

Mayoral committee

Councillor Ndove D.L

Councillor Makhurupetsi - Malatji M.N

Councillor Mametja M.R

Councillor Nkuna C

Councillor Ramaremela T.P

Councillor Moshobane S.H

Councillor Hlatswayo C

Councillor Baloyi H.I

Councillor Sibiyi M

MPAC chairperson

Councillor Nkanyani R.P

Other councillors

Councillor Mathonsi N.V

Councillor Lewele M.M

Councillor Machethe L.N

Councillor Maloko M.L

Councillor Ngobeni L.R

Councillor Mabasa M.H

Councillor Raganya M.P

Councillor Monyela K.J

Councillor Mokoele S.G

Councillor Cronje P.W

Councillor Mabunda M.A

Councillor Makhubele B.M

Councillor Baloyi H.I

Councillor Makhubele T.A

Councillor Moshwana T.J

Councillor Rikhotso A

Councillor Rikhotso M.Q

Councillor Ncha M.L

Councillor Mushwana D.G

Councillor Mohale N.L

Councillor Mbhalati J.H.S

Councillor Sibiyi M

Councillor Mokgobi M.L

Councillor Makwala S.C

Councillor Mafona M.E

Councillor Selowa M.G

Councillor Senyolo T.J

Mopani District Municipality

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General Information

	Councillor Mamogale M.C Councillor Makhura M.N Councillor Mohlala M.F Councillor Siwela M.D Councillor Mabale S.P Councillor Mantlhakga A.M Councillor Rababalela T.J Councillor Mashele M.B Councillor Flemming C.L Councillor Malesa M.G Councillor Makwala M.O Councillor Mashele J.G Councillor Magoro M.C
Grading of district authority	4
Accounting officer	Ngoepe N.A (19 February 2015) (Acting Municipal Manager)
Chief finance officer	Kgatla Q (01 August 2015)
Registered office	Government Building Main Road Giyani 0826
Business address	Government Building Main Road Giyani 0826
Postal address	Private Bag X9687 Giyani 0826
Website	www.mopani.gov.za
Currency	South African Rand
Rounding off	Nearest Rand
Bankers	ABSA Bank
Auditors	Auditor-General South Africa
Audit committee	Dr. Manzini H.N (Chairperson) Adv. Kholong S.S.T Hlomane F.J Mudau F.S Nevhutalu T

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

General Information

Lawyers

Leepile & Mbewe Inc,
Mhlaba Rampheri & Mhlaba Inc.
MP Shai Attorneys
Mabu and Letaba Attorneys
Phukubje Attorneys
Maloka Thulare Attorneys
Mogaswa Inc.
Magabe Attorneys
Modjadji Raphesu Attorneys

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Unaudited Annual Financial Statements for the year ended 30 June 2015

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
IMFO	Institute of Municipal Finance Officers
MFMA	Municipal Finance Management Act (Act No 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
LWN	Lepelle Northern Water
VAT	Value Added Tax
CFO	Chief Financial Officer
IT	Information Technology
FIFO	First-in-first-out
SALGABC	South African Local Government Bargaining Council
PMDS	Performance Management and Development System
LMs	Local Municipalities
DWAS	Department of Water and Sanitation
EPWP	Extended Public Works Programme
LSA	Long Service Award
JSE	Johannesburg Stock Exchange
WSOG	Water Services Operating Grant
LGW SETA	Local Government Sector Education and Training Authority
FMG	Finance Management Grant
LP	Limpopo Province
MWIG	Municipal Water Infrastructure Grant
RHIG	Rural Housing Grant
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
MDM	Mopani District Municipality
AFS	Annual Financial Statement
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
PAYE	Pay as you earn

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CoGHSTA	Cooperative Governance Housing and Traditional Affairs
WSA	Water Service Authority
ABSA	Amalgamated Banks of South Africa

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Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the unaudited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the unaudited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the unaudited annual financial statements and is given unrestricted access to all financial records and related data.

The unaudited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The unaudited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the unaudited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The unaudited annual financial statements set out on pages 8 to 83, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

Accounting Officer
Ngoepe N.A (Acting Municipal Manager)

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The municipality is engaged in provision of a democratic and accountable local government for communities in the mopani district area;

- ensuring the provision of services to these communities in a sustainable manner;
- promotion of social and economic development;
- promotion a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government in the mopani district and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached unaudited annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was 4 179 627 (2014: surplus 418 026).

2. Going concern

The unaudited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. The municipality had cash flow challenges during the year under review due to mainly the withholding of funds by National Treasury. The circumstances that led to the withdrawal of funds by National Treasury have been corrected and the Municipality is expected to receive its full allocations from National Treasury in the 2015-16 financial year, and beyond.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year. A forensic investigation into allegations of irregular procurement processes is underway. This investigation was not concluded at year end.

4. Accounting policies

The unaudited annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Ngoepe N.A (Acting Municipal Manager)	South African

6. Bankers

ABSA Bank

7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Inventories	6	15 548 740	34 884 613
Receivables from exchange transactions	7	338 752 968	289 211 713
VAT receivable	8	28 675 013	58 755 180
Consumer debtors	9	256 026 715	230 182 355
Cash and cash equivalents	10	114 326 792	83 126 281
Total Current Assets		753 330 228	696 160 142
Non-Current Assets			
Property, plant and equipment	3	4 505 001 609	4 583 262 990
Intangible assets	4	9 607 840	10 512 821
Heritage assets	5	432 000	432 000
Total Non - Current Assets		4 515 041 449	4 594 207 811
Non-current assets held for sale		15 504	-
Non-Current Assets		4 515 041 449	4 594 207 811
Current Assets		753 330 228	696 160 142
Non-current assets held for sale (and) (assets of disposal groups)		15 504	-
Total Assets		5 268 387 181	5 290 367 953
Liabilities			
Current Liabilities			
Finance lease obligation	11	1 064 138	2 312 383
Payables from exchange transactions	14	942 197 073	859 281 143
Consumer deposits	15	4 385 240	3 349 635
Unspent conditional grants and receipts	12	85 590 344	188 338 793
Provisions (Employee costs)	13	5 168 398	24 076 186
Total Current Liabilities		1 038 405 193	1 077 358 140
Non-Current Liabilities			
Provisions (Employee costs)	13	54 332 797	33 180 997
Non-Current Liabilities		54 332 797	33 180 997
Current Liabilities		1 038 405 193	1 077 358 140
Total Liabilities		1 092 737 990	1 110 539 137
Assets		5 268 387 181	5 290 367 953
Liabilities		(1 092 737 990)	(1 110 539 137)
Net Assets		4 175 649 191	4 179 828 816
Accumulated surplus		4 175 649 186	4 179 828 815

* See Note 36

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

	Note(s)	2015	2014 Restated*
Revenue			
Service charges	17	146 269 535	134 866 082
Interest received on outstanding receivables		3 264 566	13 778 874
Other income	19	2 909 309	6 178 884
Interest received		3 405 705	2 858 966
Government grants & subsidies	18	672 387 419	1 007 385 796
Total revenue		828 236 534	1 165 068 602
Expenditure			
Employee costs	21	(251 047 874)	(205 519 905)
Remuneration of Councillors	22	(14 287 171)	(8 380 164)
Regional bulk infrastructure projects expenditure	23	(13 564 075)	(71 449 541)
Mopani household sanitation		(3 321 949)	(195 504 231)
Depreciation and amortisation	26	(157 589 726)	(154 846 029)
Interest cost	27	(461 993)	(607 869)
Debt impairment	24	(2 776 708)	(36 096 254)
Repairs and maintenance		(90 986 663)	(107 961 118)
Bulk purchases	31	(186 532 674)	(254 125 179)
Contracted services	29	(11 836 975)	(22 907 231)
Grants and subsidies paid	30	(4 395 552)	(3 745 480)
General expenses	20	(95 437 784)	(103 152 572)
Total expenditure		(832 239 144)	1 164 295 573)
Total revenue		828 236 534	1 165 068 602
Total expenditure		(832 239 144)	1 164 295 573)
Operating (deficit) surplus		(4 002 610)	773 029
Loss on disposal of assets and liabilities		(177 017)	(355 003)
(Deficit) surplus before taxation		(4 179 627)	418 026
(Deficit) surplus for the year		(4 179 627)	418 026

* See Note 36

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Opening balance as previously reported	4 424 980 525	4 424 980 525
Adjustments		
Prior year adjustments	(245 569 736)	(245 569 736)
Balance at 01 July 2013 as restated*	4 179 410 789	4 179 410 789
Changes in net assets		
Surplus for the year	418 026	418 026
Total changes	418 026	418 026
Restated* Balance at 01 July 2014	4 179 828 813	4 179 828 813
Changes in net assets		
Surplus for the year	(4 179 627)	(4 179 627)
Total changes	(4 179 627)	(4 179 627)
Balance at 30 June 2015	4 175 649 186	4 175 649 186

* See Note 36

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

	2015	2014 Restated*
Note(s)		
Cash flows from operating activities		
Receipts		
Grants	666 607 189	1 019 103 612
Interest income	3 405 705	2 858 966
Other receipts	2 281 233	3 042 127
Total receipts	672 294 127	1 025 004 705
Payments		
Employee costs	(217 031 870)	(230 657 970)
Interest paid	(461 993)	(607 869)
Other payments	(343 558 306)	(327 042 665)
Total payments	(561 052 169)	(558 308 504)
Total receipts	672 294 127	1 025 004 705
Total payments	(561 052 169)	(558 308 504)
Net cash flows from operating activities	32 111 241 958	466 696 201
Cash flows from investing activities		
Purchase of property, plant and equipment (Including Work in Progress)	3 (78 616 185)	(373 431 722)
Purchase of intangible assets	4 -	(683 181)
Other cashflow from investments	4 (177 017)	(355 003)
Net cash flows from investing activities	(78 793 202)	(374 469 906)
Cash flows from financing activities		
Finance lease payments	(1 248 245)	(2 312 383)
Net increase in cash and cash equivalents	31 200 511	89 913 912
Cash and cash equivalents at the beginning of the year	83 126 281	(6 787 631)
Cash and cash equivalents at the end of the year	10 114 326 792	83 126 281

* See Note 36

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	310 694 343	(111 832 292)	198 862 051	146 269 535	(52 592 516)	(19%)
Interest received outstanding receivables	19 944 361	-	19 944 361	3 264 566	(16 679 795)	(89%)
Other income	4 670 030	16 337 200	21 007 230	2 909 309	(18 097 921)	(81%)
Interest received	1 050 000	2 300 000	3 350 000	3 405 705	55 705	2%
Gains on disposal of assets	-	9 457 000	9 457 000	-	(9 457 000)	(100%)
Total revenue from exchange transactions	336 358 734	(83 738 092)	252 620 642	155 849 115	(96 771 527)	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	1 212 137 000	(601 170 007)	610 966 993	672 387 419	61 420 426	9%
'Total revenue from exchange transactions'	336 358 734	(83 738 092)	252 620 642	155 849 115	(96 771 527)	
'Total revenue from non-exchange transactions'	1 212 137 000	(601 170 007)	610 966 993	672 387 419	61 420 426	
Total revenue	1 548 495 734	(684 908 099)	863 587 635	828 236 534	(35 351 101)	
Expenditure						
Personnel	(348 597 565)	85 030 247	(263 567 318)	(251 047 874)	12 519 444	7%
Remuneration of councillors	(10 398 186)	(4 735 473)	(15 133 659)	(14 287 171)	846 488	5%
Mopani Household Sanitation	(14 145 128)	-	(14 145 128)	(3 321 949)	10 823 179	77%
Depreciation and amortisation	(137 368 895)	(31 383 001)	(168 751 896)	(157 589 726)	11 162 170	7%
Interest cost	(650 000)	-	(650 000)	(461 993)	188 007	29%
Debt impairment	(19 856 107)	4 100 000	(15 756 107)	(2 776 708)	12 979 399	54%
Repairs and maintenance	(103 069 051)	(28 854 480)	(131 923 531)	(90 986 663)	40 936 868	32%
Bulk purchases	(143 580 645)	58 514 992	(85 065 653)	(186 532 674)	(101 467 021)	(95%)
Contracted Services	(11 765 551)	-	(11 765 551)	(11 836 975)	(71 424)	1%
Grants and subsidies paid	-	-	-	(4 395 552)	(4 395 552)	(100%)
General Expenses	(105 668 034)	822 852	(104 845 182)	(108 734 619)	(3 889 437)	(3.7%)
Total expenditure	(895 099 162)	83 495 137	(811 604 025)	(831 971 904)	(20 367 879)	
Total Revenue	1 548 495 734	(684 908 099)	863 587 635	828 236 534	(35 351 101)	
Total Expenditure	(895 099 162)	83 495 137	(811 604 025)	(831 971 904)	(20 367 879)	
Operating deficit	653 396 572	(601 412 962)	51 983 610	(3 735 370)	(55 718 980)	
Loss on disposal of assets and liabilities	-	-	-	(177 017)	(177 017)	(100%)
	653 396 572	(601 412 962)	51 983 610	(3 735 370)	(55 718 980)	
	-	-	-	(177 017)	(177 017)	
Deficit before taxation	653 396 572	(601 412 962)	51 983 610	(3 912 387)	(55 895 997)	
Surplus before taxation	653 396 572	(601 412 962)	51 983 610	(3 912 387)	(55 895 997)	
Taxation	-	-	-	-	-	

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	653 396 572	(601 412 962)	51 983 610	(3 912 387)	(55 895 997)

Reconciliation

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	12 437 000	34 667 000	47 104 000	15 548 740	(31 555 260)	(67%)
Receivables from exchange transactions	-	-	-	338 752 968	338 752 968	100%
VAT receivable	-	-	-	28 675 013	28 675 013	100%
Consumer debtors	429 047 000	(178 147 000)	250 900 000	256 026 715	5 126 715	(12%)
Other debtors	-	262 508 000	262 508 000	-	(262 508 000)	-100%
Current portion of long-term receivables	-	32 546 000	32 546 000	-	(32 546 000)	-100%
Cash and cash equivalents	33 308 000	-	33 308 000	114 326 792	81 018 792	243%
	474 792 000	151 574 000	626 366 000	753 330 228	126 964 228	
Non-Current Assets						
Property, plant and equipment	2 393 926 000	2 145 384 000	4 539 310 000	4 505 001 609	(34 308 391)	(0.8%)
Intangible assets	288 000	10 093 000	10 381 000	9 607 840	(773 160)	(7%)
Heritage assets	-	-	-	432 000	432 000	100%
	2 394 214 000	2 155 477 000	4 549 691 000	4 515 041 449	(34 649 551)	
Non-current assets held for sale and assets of disposal groups	-	-	-	15 504	15 504	100%
Non-Current Assets	474 792 000	151 574 000	626 366 000	753 330 228	126 964 228	
Current Assets	2 394 214 000	2 155 477 000	4 549 691 000	4 515 041 449	(34 649 551)	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	15 504	15 504	
Total Assets	2 869 006 000	2 307 051 000	5 176 057 000	5 268 387 181	92 330 181	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	1 064 138	1 064 138	100%
Payables from exchange transactions	202 403 000	-	202 403 000	942 197 073	739 794 073	360%
Consumer deposits	4 143 000	(650 000)	3 493 000	4 385 240	892 240	(35%)
Unspent conditional grants and receipts	-	-	-	85 590 344	85 590 344	100%
Provisions (Employee costs)	-	23 981 000	23 981 000	5 168 398	(18 812 602)	(3%)
	206 546 000	23 331 000	229 877 000	1 038 405 193	808 528 193	
Non-Current Liabilities						
Rounding difference	-	1 000	1 000	-	(1 000)	
Provisions (Employee costs)	-	34 866 000	34 866 000	54 332 797	19 467 797	(8%)
	-	34 866 000	34 866 000	54 332 797	19 466 797	
	206 546 000	23 331 000	229 877 000	1 038 405 193	808 528 193	
	-	34 866 000	34 866 000	54 332 797	19 466 797	
	-	-	-	-	-	
Total Liabilities	206 546 000	58 197 000	264 743 000	1 092 737 990	827 994 990	
Assets	2 869 006 000	2 307 051 000	5 176 057 000	5 268 387 181	92 330 181	

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Liabilities	(206 546 000)	(58 197 000)	(264 743 000)	1 092 737 990	(827 994 990)	
Net Assets	2 662 460 000	2 248 854 000	4 911 314 000	4 175 649 191	(735 664 809)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 662 460 000	2 248 854 000	4 911 314 000	4 177 963 954	(733 350 046)	(15%)

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Unaudited Annual Financial Statements

The unaudited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These unaudited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these unaudited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These unaudited annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. The municipality's cash flow improved in the last quarter and management of the municipality is confident that the municipality will be able to meet its obligations as they become due. The municipality had cash flow challenges during the year under review due to mainly the withholding of funds by National Treasury. The circumstances that led to the withdrawal of funds by National Treasury have been corrected and the Municipality is expected to receive its full allocations from National Treasury in the 2015-16 financial year, and beyond.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the unaudited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the unaudited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the unaudited annual financial statements. Significant judgements include:

Trade receivables or loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation municipality note.

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Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that a key assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible and other assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with general economic factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the 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 the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors' carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Cash and Cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Events after balance sheet date

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the Balance Sheet date. Events after the balance sheet date that are indicative of conditions that arose after the Balance Sheet date are disclosed with by way of note to the Financial Statements.

1.4 Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Mopani District Municipality

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Accounting Policies

1.4 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	4 - 10 years
Furniture and fixtures	5 - 7 years
Motor vehicles	7 - 15 years
Office equipment	4 - 5 years
Information Technology equipment	4 years
Specialised vehicles	15 years
Water reservoirs and reticulation	5 - 60 years
Sewerage purification	5 - 60 years

The residual value, the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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.

The depreciation charge for each period is recognised in municipality or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in municipality or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised 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.

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Accounting Policies

1.5 Intangible assets (continued)

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Licenses and franchises	5 years
Computer software, other	5 years
Blyde Water Utility	20 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.6 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the unaudited annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Heritage assets (continued)

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another institution / entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments, less the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and less any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) 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.

When calculating the effective interest rate, a municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;

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Accounting Policies

1.7 Financial instruments (continued)

- a residual interest of another entity; and
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital; or
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and available for sale
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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Accounting Policies

1.7 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Other receivables	loans and receivables
Consumer debtors	loans and receivables
Loans and receivables	loans and receivables
Held-to-maturity investments	held on maturity

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other Financial Liabilities	Financial liability measured at amortised cost
Trade and Other Payables	Financial liability measured at amortised cost
Consumer Deposits	Financial liability measured at fair value

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value; or
- Financial instruments at amortised cost; or
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in municipality or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in municipality or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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Accounting Policies

1.7 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in municipality or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in municipality or deficit.

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Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived; or
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in municipality or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the municipality obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the municipality recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in municipality or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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Accounting Policies

1.7 Financial instruments (continued)

The difference between the carrying amount of a 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, is recognised in municipality or deficit. Any liabilities that are waived, forgiven or assumed by another Municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 Taxation

Valued Added Tax

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

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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Accounting Policies

1.10 Inventories (continued)

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Construction contracts and receivables

Change in accounting estimate.

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities.

Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Any changes to the relevant financial items (associated with assets and liabilities) are made prospectively.

Change in accounting policy

Accounting policies are the specific principles, bases, rules and practices applied by a municipality in preparing and presenting financial statements. Any changes to these policies arising from new or amended GRAP standards will be applied wither retrospectively or prospectively if transitional provisions exists.

Prior period Errors

Prior period errors are omissions from and misstatements in the municipality's financial statements for one or more prior periods arising from a failure to use of reliable information that; - was available when financial statements for those periods were authorised for issue; and - could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

1.12 Non-current assets held for sale and disposal groups

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

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

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

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in municipality or deficit.

1.13 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Mopani District Municipality

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts cover a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Mopani District Municipality

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in municipality or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

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 municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Mopani District Municipality

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in municipality or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.14 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

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Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.15 Employee benefits

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and celphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long term service awards

Employees qualify for additional leave for various period of uninterrepted service in accordance with SALGBC condition of service. The long term service award measured in accordance with GRAP 25 through an actuarial valuation.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date; and
- less the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Employee benefits (continued)

Accumulated leave days

Accumulated leave benefit accrues to employees up to maximum of 48 leave days. The benefits are paid in the events of death, disability, retrenchment or/and retirement. Employees who have leave days in excess of the 48 days for periods, before the conditions of service came to effect, are measured in accordance with GRAP 25 through an actuarial valuation

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- 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 amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If a municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Mopani District Municipality

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Accounting Policies

1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in the municipality combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.16 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in municipality or deficit.
- if the adjustment results in an addition to the cost of an asset, the municipality consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation municipality or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in municipality or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in municipality or deficit; and
 - an increase in the liability is recognised in municipality or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in municipality or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to municipality or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in municipality or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in municipality or deficit as a finance cost as it occurs.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.16 Provisions and contingencies (continued)

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate.

The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. The municipality changed its accounting policy for provisions, contingent liabilities and contingent assets in 2015. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

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

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

Mopani District Municipality

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Accounting Policies

1.17 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest, royalties and dividends

Revenue arising from the use by others of municipality assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in municipality or deficit, using the effective interest rate method.

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.19 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an municipality directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Budget information in accordance with GRAP 1 and GRAP 24 has been provided in a note to these financial statements and forms part of the unaudited financial statements. Explanations for material variances are provided where actual amounts differ from budgeted amounts by at least 10%. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised 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.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised 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.

1.23 Irregular expenditure

Irregular expenditure as defined in section 32 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

Variances above 10 percent are considered significant.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.25 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, entities within the National, Provincial and Local sphere of government are considered to be related parties.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.25 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.26 Commitments

A commitment arises when a decision is made to incur a liability e.g purchase order, delivery schedules or contract for construction of infrastructure assets. A commitment becomes a liability when the intention agree to an outflow of resources, outflow of resources becomes a present obligation.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 18: Segment Reporting	01 April 2016	No material impact

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

3. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	11 980 776	-	11 980 776	11 980 776	-	11 980 776
Buildings	185 667 583	(37 564 874)	148 102 709	183 994 583	(32 363 656)	151 630 927
Infrastructure	7 057 877 841	(2 756 457 013)	4 301 420 828	6 982 203 792	(2 610 307 916)	4 371 895 876
Other property, plant and equipment	58 219 119	(15 691 602)	42 527 517	57 304 989	(11 761 291)	45 543 698
Leased assets	5 065 008	(4 095 229)	969 779	5 061 589	(2 849 876)	2 211 713
Total	7 318 810 327	(2 813 808 718)	4 505 001 609	7 240 545 729	(2 657 282 739)	4 583 262 990

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Under Construction	Disposals	Depreciation	Total
Land	11 980 776	-	-	-	-	11 980 776
Buildings	151 630 927	-	1 673 000	-	(5 201 218)	148 102 709
Infrastructure	4 371 895 876	31 192 098	44 481 951	-	(146 149 097)	4 301 420 828
Other property, plant and equipment	45 543 698	1 265 716	-	(177 157)	(4 089 077)	42 527 517
Leased assets	2 211 711	3 420	-	-	(1 245 352)	969 779
	4 583 262 988	32 461 234	46 154 951	(177 157)	(156 684 744)	4 505 001 609

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Under Construction	Disposals	Depreciation	Total
Land	10 910 776	1 800 000	-	(730 000)	-	11 980 776
Buildings	89 785 931	2 985 316	64 019 143	-	(5 159 463)	151 630 927
Infrastructure	4 214 353 196	77 788 796	222 611 489	-	(142 857 605)	4 371 895 876
Other property, plant and equipment	45 868 380	4 036 462	-	(355 303)	(4 005 841)	45 543 698
Leased Assets	3 542 736	190 516	-	-	(1 521 539)	2 211 713
	4 364 461 019	86 801 090	286 630 632	(1 085 303)	(153 544 448)	4 583 262 990

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

4. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 097 760	(465 469)	632 291	1 097 760	(260 056)	837 704
Blyde Water Utility	13 991 354	(5 015 805)	8 975 549	13 991 354	(4 316 237)	9 675 117
Total	15 089 114	(5 481 274)	9 607 840	15 089 114	(4 576 293)	10 512 821

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	837 704	(205 413)	632 291
Blyde Water Utility	9 675 117	(699 568)	8 975 549
Total	10 512 821	(904 981)	9 607 840

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	414 578	683 181	(100 222)	837 704
Blyde Water Utility	10 374 685	-	(699 568)	9 675 117
Total	10 789 263	683 181	(799 790)	10 512 821

Blyde Water Intangible Asset

The Blyde Water intangible asset relates to the water conveyance agreement between Blyde River Water Utility Company (Pty) Ltd and the municipality, which gives rise to a right for the municipality to use a pipe network for conveyance of water over a period of 20 years commencing on 1 April 2008 to 31 March 2028.

5. Heritage assets

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	432 000	-	432 000	432 000	-	432 000

Reconciliation of heritage assets 2015

	Opening balance	Total
Mayoral chain	432 000	432 000

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
6. Inventories		
Consumable stores	15 487 961	34 825 254
Water- Greater Tzaneen Local Municipality	60 779	59 359
	15 548 740	34 884 613

Water Inventory is made up of the following:

Municipality		
Greater Tzaneen municipality	65 624	39 218
Greater Giyani municipality	-	10
Greater Letaba municipality	32 557	20 131
	98 181	59 359

7. Receivables from exchange transactions

Staff debtors	259 024	294 410
PMDS and pay progression	5 751 664	5 751 664
Audit committee proportion - LM's	2 612 341	2 612 341
Councillors	170 168	170 168
Service providers	883 837	960 478
Bursaries (Greater Tzaneen)	49 737	49 737
Ba - Phalaborwa municipality	313 777 693	265 734 913
Greater Giyani municipality	13 380 618	3 220 769
Department of Water Affairs	1 867 886	10 417 233
Total	338 752 968	289 211 713

Included in the PMDS & pay progression are overpayments made to officials transferred from DWA.

The high value of receivables of Ba - Phalaborwa municipality pertains to water related transactions billed and collected on behalf of Mopani district municipality as per the Water Service Provider agreements.

8. VAT receivable

VAT	28 675 013	58 755 180
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Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
9. Consumer debtors		
Gross balances		
Water	443 499 895	405 509 415
Sewerage	89 400 150	80 586 495
Total gross balances	532 900 045	486 095 910
Less: Allowance for impairment		
Water	(240 554 075)	(226 863 831)
Sewerage	(36 319 255)	(29 049 724)
Total allowance for impairments	(276 873 330)	(255 913 555)
Net balance		
Water	202 945 820	178 645 584
Sewerage	53 080 895	51 536 771
Total net balance	256 026 715	230 182 355
Water		
Current (0 -30 days)	13 252 117	21 226 217
31 - 60 days	8 432 645	7 623 467
61 - 90 days	9 523 803	7 180 044
91 - 120 days	7 344 127	6 727 855
121 - 365 days	85 954 445	112 297 965
> 365 days	323 525 239	197 903 634
Impairment	(245 086 556)	(174 313 598)
Total	202 945 820	178 645 584
Sewerage		
Current (0 -30 days)	2 305 218	3 571 994
31 - 60 days	1 753 946	1 658 389
61 - 90 days	1 625 675	1 223 901
91 - 120 days	1 593 064	1 367 961
121 - 365 days	18 103 712	22 029 287
> 365 days	64 918 049	50 861 924
Impairment	(37 218 769)	(29 176 685)
Total	53 080 895	51 536 771
Other Debtors		
Current (0 -30 days)	-	185 394
31 - 60 days	-	7 808 516
61 - 90 days	-	2 608 717
91 - 120 days	385 682 233	266 251 019
121 - 365 days	9 676 091	9 421 129
Reconciliation of allowance for impairment		
Balance at beginning of the year	(255 913 555)	(235 028 510)
Reversal of allowance	(20 959 775)	(20 885 045)
Total	(276 873 330)	(255 913 555)
Consumer debtors per local municipality		
Consumer debtors	-	-
Ba - Phalaborwa municipality	364 003 601	310 205 126
Greater Tzaneen municipality	79 758 156	86 334 469
Greater Giyani municipality	54 853 513	57 557 354

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
9. Consumer debtors (continued)		
Greater Letaba municipality	38 005 364	31 048 941
Maruleng municipality	1 711 905	1 126 019
Total	538 332 539	486 271 909

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	7 855 400	20 980 815
Short-term deposits	106 471 392	62 145 466
	114 326 792	83 126 281

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA BANK - Cheque Account - 405-277-1364	7 855 400	20 980 815	(6 787 631)	7 855 400	20 980 815	(6 787 631)
ABSA BANK - Call Account - 408-091-1671	81 446 221	62 145 466	-	81 446 221	62 145 466	-
ABSA BANK - Call Account - 408-091-1613	25 025 171	-	-	25 025 171	-	-
Total	114 326 792	83 126 281	(6 787 631)	114 326 792	83 126 281	(6 787 631)

11. Finance lease obligation

Minimum lease payments due

- within one year	1 061 085	1 251 665
- in second to fifth year inclusive	3 054	1 060 718
- later than five years	-	-

Present value of minimum lease payments	1 064 139	2 312 383
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Present value of minimum lease payments due

- in second to fifth year inclusive	1 061 085	1 251 665
- later than five years	3 054	1 060 718

	1 064 139	2 312 383
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It is municipality policy to lease certain equipment under operation leases.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

DWA Refurbishment Grant	10 985 824	14 170 219
Municipal Infrastructure Grant (MIG)	63 469 177	172 039 949
Rural Transport Grant	167 206	1 909 206
EPWP Grant	-	219 419
Forencis Audit Grant	10 968 137	-
Total	85 590 344	188 338 793

See **note 18** for the reconciliation of grants from other subsidies of government

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015

2014

12. Unspent conditional grants and receipts (continued)

National Treasury offset an amount of R30 million against the 2013/14 Equitable Shares for the repayment of 2012/13 roll over which was declined for approval as a result of it not being cash backed. A further R180 million was offset against the 2014-15 Equitable Share.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

13. Provisions (Employee costs)

Reconciliation of provisions (employee costs) - 2015

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus provision	5 682 029	-	-	(19 435)	5 662 594
Leave provision	27 228 339	3 877 928	(702 603)	-	30 403 664
Post retirement medical aid benefits	10 134 709	-	-	(1 120 030)	9 014 679
Long service awards	14 212 106	208 152	-	-	14 420 258
Total	57 257 183	4 086 080	(702 603)	(1 139 465)	59 501 195

Reconciliation of provisions (employee costs) - 2014

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus provision	8 241 375	-	(2 559 346)	5 682 029
Leave provision	29 881 677	13 779 834	(16 433 172)	27 228 339
Post retirement medical aid benefits	8 299 157	1 835 552	-	10 134 709
Longs service awards	13 787 270	424 836	-	14 212 106
Total	60 209 479	16 040 222	(18 992 518)	57 257 183

Non-current liabilities	54 332 797	33 180 997
Current liabilities	5 168 398	24 076 186
	59 501 195	57 257 183

Post retirement medical aid benefits

Long service awards

An actuarial valuation has been performed in respect of long service benefits which employees may become entitled to upon completion of a certain numbers of years service.

Longserviceawards

The LSA liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The previous actuarial valuation of the Municipality's LSA liability was undertaken as at 30 June 2013. This valuation is referred to in Section 6 of the actuary's report, where its results are compared to these results

Disconrates

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the liabilities should be used.

Consequently, a discount rate of 7.81% per annum has been used. This is derived by using a liability-weighted average of the yields corresponding to the average term until payment of long service awards, for each employee. The corresponding liability-weighted index-linked yield is 1.19%. These rates do not reflect any adjustment for taxation. These rates were deduced from the Johannesburg Stock Exchange (JSE) Zero Coupon bond yield after the market close on 30 June 2015.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

13. Provisions (Employee costs) (continued)

History of liabilities, assets and experience adjustments

History of liabilities and assets

The table below summarises the accrued liabilities and the plan assets for the current period and the previous three periods.

	Year ended 30/06/2012	Year ended 30/06/2013	Year ended 30/06/2014	Year ended 30/06/2015
Accrued liability	(10 849 874)	(11 768 048)	(12 422 520)	(12 737 431)

History of experience adjustments (gains/losses)

The table below summarises the experience adjustments for the current and previous two periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred

	Year ended 30/06/2013	Year ended 30/06/2014	Year ended 30/06/2015
Liability: (Gain) / Loss	143 778	563 365	500 576

Provision 3

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Employee benefit cost provision

	Year ended 30/06/2015	Year ended 30/06/2016	Year ended 30/06/2017
Past year and future projected liability	12 422 520	12 737 431	12 708 344
Opening accrued liability	798 788	859 855	927 288
Current service cost	900 552	928 980	922 718
Interest cost	(1 816 766)	(1 817 922)	(1 921 395)
Expected benefit vestings	(117 436)	(29 087)	(71 389)
Total annual expense	432 347	-	-
Closing accrued liability	12 737 431	12 708 344	12 636 955
	-	-	-

Rate of future accumulation of unused leave

The balance of the number of unused leave days at the valuation date was provided by the municipality.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

13. Provisions (Employee costs) (continued)

In order to estimate the number of unused leave days at the date of retirement or withdrawal, an assumption regarding the future rate of accumulation of unused leave days per annum is required. This rate was estimated using the following assumptions:

- Employees with a balance of 48 days or more unused leave at the valuation date were assumed to have 48 days unused leave at the date of retirement or withdrawal. This implies that the rate of future unused accumulation is zero.
- For employees with more than one year's past-service and less than 48 days of unused leave at the valuation date, a constant rate of future leave accumulation per annum was calculated as:
a) Unused leave days balance at valuation date} divided by {past-service at valuation date}
- For employees with less than one year's past-service, the rate of future leave accumulation per annum was assumed as the average of the rates of accumulation
- For employees with more than one year's past-service and zero or less than zero accumulated leave at the Valuation Date, the rate of future leave accumulation per annum is assumed to be zero. This implies that no long-term provision is made for these employees as they are expected to take their full complement of leave each year.

Current portion of leave expected to be taken

The amount of leave becoming due to each employee for the ensuing year is estimated to be the lesser of 24 days and the difference between the maximum (48 days) and their current balance of unused leave days.

14. Payables from exchange transactions

Trade payables	531 127 376	500 247 050
Retentions	70 057 700	70 864 874
Other payables	2 162 273	1 651 759
Ba - Phalaborwa municipality	159 290 794	160 262 973
Greater Letaba municipality	1 330 319	1 284 608
Greater Tzaneen municipality	110 987 254	102 646 175
Maruleng municipality	28 113 675	17 559 961
Greater Giyani municipality	(2 069 694)	1 826 807
Gross Investment in a lease	41 197 376	2 936 936
Total	942 197 073	859 281 143

Given the huge debt book the municipality experienced cash flow problems and was not able to pay its creditors within 30 days.

The huge balance of payables pertains to inter municipality transactions with the local municipalities for which the district municipality has a service level agreement for the provision of water and sanitation to the locals

GRAP 104 has been considered in the valuation of these payables.

15. Consumer deposits

Consumer Deposits	4 385 240	3 349 635
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Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014	
15. Consumer deposits (continued)			
Breakdown of consumer deposits:	2015	2014	Total
Greater Letaba	(8 957)	39 457	30 500
Greater Tzaneen	2 115 683	3 152 162	5 267 845
Maruleng	158 015	158 015	316 030
	2 264 741	3 349 634	5 614 375
16. Revenue			
Service charges		146 269 535	134 866 082
Interest received outstanding debtors		3 264 566	13 778 874
Other income		2 909 309	6 178 884
Interest received		3 405 705	2 858 966
Government grants & subsidies		672 387 419	1 007 385 796
Total		828 236 534	1 165 068 602
The amount included in revenue arising from exchanges of goods or services are as follows:			
Service charges		146 269 535	134 866 082
Interest earned - outstanding receivables		3 264 566	13 778 874
Other income		2 909 309	6 178 884
Interest received		3 405 705	2 858 966
Total		155 849 115	157 682 806
The amount included in revenue arising from non-exchange transactions is as follows:			
Transfer revenue			
Government grants and subsidies		672 387 419	1 007 385 796
17. Service charges			
Sale of water		128 370 894	111 836 288
Sewerage and sanitation charges		17 898 641	23 029 794
		146 269 535	134 866 082

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
18. Government grants and subsidies		
Operating grants		
Equitable share grant	560 753 000	504 909 000
DWA WSOG (In kind)	1 867 882	3 663 137
DWA (Refurbishment) grant	20 822 570	11 191 605
EPWP grant	2 195 000	1 000 000
Finance Management Grant (FMG)	1 250 000	1 250 000
LGW SETA grant	419 006	369 578
Municipal system improvement grant (MSIG)	934 000	890 000
LP Econ (Biosphere) grant	147 667	-
Forensic audit grant	5 931 863	-
Total operating grants	594 320 988	523 273 320
Capital grants		
Regional bulk water - mametja sekororo	15 587 416	88 322 945
Regional bulk water (DWA)	-	20 402 185
Municipal infrastructure grant (MIG)	59 930 823	348 975 744
Rural transport grant	2 548 192	1 005 602
MWIG projects	-	16 906 000
RHIG	-	8 500 000
Total capital grants	78 066 431	484 112 476
Total operating and capital grants	672 387 419	1 007 385 796

Equitable share

In terms of the Constitution, this is an unconditional grant used to subsidise the provision of basic services to indigent community members.

DWA refurbishment

Balance unspent at beginning of year	14 170 219	14 170 219
Current-year receipts	-	18 000 000
Conditions met - transferred to revenue	(3 184 395)	(18 000 000)
Total	10 985 824	14 170 219

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to ensure that the transferred schemes are fully functional and are operational.

Municipal Infrastructure Grant

Balance unspent at beginning of year	172 039 949	206 289 094
Current-year receipts	-	375 582 000
Conditions met - transferred to revenue	(108 570 772)	(348 975 743)
Payment withheld from equitable share	-	(30 000 000)
Unapproved rollover	-	(30 855 402)
Total	63 469 177	172 039 949

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to improve access to basic service infrastructure for poor communities.

Finance management grant

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
18. Government grants and subsidies (continued)		
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
Total	-	-

The purpose of the grant is to improve capacity in financial management.

Rural transport grant

Balance unspent at beginning of year	1 909 206	1 909 206
Current-year receipts	-	1 726 000
Conditions met - transferred to revenue	(1 742 000)	(1 726 000)
Total	167 206	1 909 206

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to improve data on rural roads to guide infrastructure development.

Extended public works programme grant

Balance unspent at beginning of year	219 419	219 419
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	(219 419)	(1 000 000)
Total	-	219 419

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to improve opportunities for sustainable employment due to experience and learning gained.

19. Other income

Certificates - inflamables	-	117 495
Sundry Income	115 999	288 866
Insurance claims	208 670	160 983
Mayor's charity cup	-	2 125 853
Reconnection fees	2 555 645	3 123 862
Tender fees	445 710	722 871
Commission received	100 618	105 663
Income forgone	(517 333)	(466 709)
Total	2 909 309	6 178 884

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
20. General expenses		
Advertising	716 138	639 541
Auditors remuneration	3 774 462	1 535 794
Bank charges	146 480	152 093
Computer expenses	-	1 035
Consulting and professional fees (including legal expenses)	23 576 961	18 068 734
Entertainment	-	15 326
Insurance	6 566 864	1 938 031
Conferences and seminars	58 190	126 176
IT expenses	140 784	21 476
Lease rentals on operating lease	-	293 957
Levies	5 909 673	5 196 643
Magazines, books and periodicals	-	110 000
Motor vehicle expenses	196 407	49 844
Fuel and oil	4 445 098	3 995 240
Postage and courier	359	1 106
Protective clothing	41 479	143 028
Water and electricity	1 529 699	1 555 364
Software expenses	59 355	376 233
Performance management	8 204	8 002
Telephone and fax	2 519 061	2 777 140
Subsistence and travel	4 958 074	6 550 223
Catering	-	159 528
Audit committee allowance	629 332	2 088 953
Disaster Relief Fund	973 139	1 556 479
Forensic Audit	2 125 209	-
MWIG - projects expenditure	869 758	17 130 792
Performance management	900 520	1 248 130
Stores and materials	29 287 563	4 409 160
Other expenses	6 004 975	33 004 544
Total	95 437 784	103 152 572

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
21. Employee related costs		
Basic	150 874 965	126 009 322
Bonus	10 851 148	8 380 151
Medical aid - company contributions	7 202 649	9 175 023
UIF	1 334 700	1 304 945
Workman compensation	119 520	154 749
SDL	1 984 939	1 837 079
Other payroll levies	5 939 556	5 175 585
Leave pay provision charge	-	(39 054)
Post employments benefits	935 649	1 220 850
Defined contribution plans	24 227 476	22 159 657
Overtime payments	17 932 747	13 740 328
Long-service awards	267 524	295 483
Car allowance	12 880 562	11 874 262
Housing benefits and allowances	6 702 633	7 150 891
Leave redemption	8 372 507	(1 420 590)
Bargaining council	20 338	(2 035 443)
Cellphone allowance	62 754	40 660
Shift allowance	1 338 207	496 007
Total	251 047 874	205 519 905
Remuneration of municipal manager		
Annual remuneration	978 290	916 305
Car allowance	642 093	636 423
Contributions to UIF, medical and pension funds	517 319	498 256
Total	2 137 702	2 050 984
Remuneration of chief finance officer		
Annual remuneration	385 887	759 710
Car allowance	-	217 603
Contributions to UIF, medical and pension funds	-	54 860
Total	385 887	1 032 173
The position of the chief financial officer was vacant as from the 01 december 2012. There were personnel appointed to act on the position during these periods.		
Remuneration of director community services		
Annual remuneration	710 372	786 698
Car allowance	144 145	232 101
Contributions to UIF, medical and pension funds	338 080	294 000
Total	1 192 597	1 312 799
Remuneration of director corporate services		
Annual remuneration	202 213	594 884
Car allowance	-	180 378
Contributions to UIF, medical and pension funds	-	50 569
Total	202 213	825 831

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

21. Employee related costs (continued)

The position of the director corporate services was vacant as from the 01 august 2012. There were personnel appointed to act on the position during these period.

Remuneration of director planning and development

Annual remuneration	833 551	780 641
Car allowance	257 334	228 646
Contributions to UIF, medical and pension funds	394 777	289 652
Total	1 485 662	1 298 939

Remuneration of director engineering services

Annual remuneration	755 756	707 820
Car allowance	235 389	263 831
Contributions to UIF, medical and pension funds	380 777	352 000
Total	1 371 922	1 323 651

Remuneration of director water services

Annual remuneration	721 651	660 182
Car allowance	345 226	287 858
Contributions to UIF, medical and pension funds	506 088	127 100
Cellphone allowances	36 407	36 000
Total	1 609 372	1 111 140

Remuneration of director office of the executive Mayor

Annual remuneration	675 681	611 088
Car allowance	278 610	273 074
Contributions to UIF, medical, housing and pension funds	101 617	128 580
Cellphone allowance	36 407	-
Total	1 092 315	1 012 742

Executive Mayor's allowances

Annual remuneration	504 592	410 028
Car allowance	163 239	183 680
Contributions to UIF, medical and pension Funds	-	92 687
Cellphone	31 769	39 828
Total	699 600	726 223

The Executive Mayor has been provided with a Council vehicle.

Speaker's allowances

Annual remuneration	324 713	341 846
Car allowance	121 633	243 488
Contributions to UIF, medical and pension Funds	-	60 326
Cellphone	15 651	19 872
Total	461 997	665 532

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
22. Remuneration of Councillors		
Councillors' remuneration and allowances	13 497 820	7 613 973
Councillors' pension contribution	691 431	695 631
Total	14 287 171	8 380 164

Remuneration per councillor - 2014	Salary	Cellphone Allowance	Travel Allowance		Total
Mushwana O.J	375 596	19 872	192 568	-	588 036
Lewele M	303 201	19 872	237 046	-	560 119
Machethe L.N	320 481	19 872	159 145	-	499 498
Manganye H.G	320 481	19 872	203 937	-	544 290
Ramaremela T.P	303 201	19 872	222 894	-	545 967
Maloko M.L	303 201	19 872	218 257	-	541 330
Nkanyani R.P	320 481	19 872	193 129	-	533 482
Nkuna C.	176 264	12 396	69 123	-	257 783
Moshobane S.H	176 264	12 396	151 985	-	340 645
Hlatshwayo C	207 370	12 396	114 445	-	334 211
Ngobeni A	207 370	12 396	132 614	-	352 380
M.S	128 192	12 396	83 758	-	224 346
Raganya M.P	128 192	12 396	119 769	-	260 357
Monyela K.J	150 815	12 396	50 271	-	213 482
Mokoete S.G	128 192	12 396	65 269	-	205 857
Cronje P.W	128 192	12 396	52 536	-	193 124
Mabunda M.A	128 192	12 396	50 271	-	190 859
Makhurupetji - Malatji M.N	128 192	12 396	99 920	-	240 508
Mohlala M.F	128 192	12 396	60 900	-	201 488
Makhubele P.P	5 566	-	1 855	-	7 421
Makhubele B.M	3 710	-	1 237	-	4 947
Baloyi H.I	5 566	-	46 982	-	52 548
Makhubele T.A	5 566	-	1 855	-	7 421
Moshwana T.J	5 566	-	48 265	-	53 831
Rikhotso A	5 566	-	1 855	-	7 421
Rikhotso M.Q	5 566	-	48 672	-	54 238
Ncha M.L	9 792	-	19 298	-	29 090
Mushwana D.G	9 792	-	26 461	-	36 253
Mohale N.L	9 792	-	64 222	-	74 014
Ndove D.L	9 792	-	-	-	9 792
Mbhalati J.H.S	9 792	-	49 407	-	59 199
Sibiya M	9 792	-	60 418	-	70 210
Mokgobi M.L	9 792	-	77 766	-	87 558
Makwala S.C	9 792	-	28 430	-	38 222
Mafona M.E	5 566	-	23 237	-	28 803
Selowa M.G	5 566	-	50 710	-	56 276
Senyolo T.L	5 566	-	1 855	-	7 421
Mamogale M.C	9 792	-	12 395	-	22 187
Flemming J.G	9 792	-	15 328	-	25 120
Malesa M.G	9 792	-	-	-	9 792
Makwala M.O	9 792	-	34 675	-	44 467
Mashele J.G	9 792	-	40 232	-	50 024
Mametja M.R	5 566	-	60 606	-	66 172
Magoro M.C	5 566	-	34 469	-	40 035
Mabale S.P	5 566	-	35 177	-	40 743
Mantlhaka A.M	5 566	-	64 264	-	69 830
Rababalela T.J	5 566	-	38 218	-	43 784
Mashele M.B	8 160	-	11 671	-	19 831
	4 279 159	287 856	3 377 397	-	7 944 412

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

22. Remuneration of Councillors (continued)

Remuneration per councillor - 2015	Salary	Cellphone Allowance	Travel Allowance	Total
Rakgoale C.N	504 592	31 769	163 239	699 600
Sedibeng W.D	324 713	15 651	121 633	461 997
Matlou L.J	167 196	1 033	22 814	191 043
Mathonsi N.V	366 190	21 864	136 775	524 829
Mushwana O.J	583 683	21 864	269 255	874 802
Lewele M.M	290 330	21 864	96 146	408 340
Machethe L.N	307 610	21 864	76 399	405 873
Manganyi H.G	166 448	3 851	14 663	184 962
Nkuna C	292 187	29 340	71 525	393 052
Ramaremela T.P	502 075	21 241	217 605	740 921
Moshobane H.S	450 995	33 701	186 030	670 726
Hlatswayo C	324 374	29 340	109 586	463 300
Maloko M.L	290 330	21 864	74 389	386 583
Ngobeni L.R	263 880	29 340	60 163	353 383
Nkanyani R.P	541 157	21 864	204 936	767 957
Mabasa M.H	216 463	29 340	92 114	337 917
Raganya M.P	216 463	29 340	96 381	342 184
Monyela K.J	240 386	29 340	54 702	324 428
Mokoele S.G	216 463	29 340	53 161	298 964
Cronje P.W	216 463	29 340	53 161	298 964
Mabunda M.A	216 463	29 340	53 161	298 964
Makhubele P.P	7 408	-	46 457	53 865
Makhubele B.M	31 190	-	71 034	102 224
Baloyi H.I	265 374	16 684	104 294	386 352
Makhubele T.A	76 375	-	4 139	80 514
Moshwana T.J	76 375	-	28 312	104 687
Rikhotso A	36 412	-	773	37 185
Rikhotso M.Q	76 375	-	28 426	104 801
Ncha M.L	37 060	-	3 523	40 583
Mushwana D.G	60 299	-	11 081	71 380
Mohale N.L	60 299	-	43 432	103 731
Ndove D.L	390 032	17 307	132 961	540 300
Mbhalati J.H.S	60 299	-	20 130	80 429
Sibiya M	254 221	16 684	125 077	395 982
Mokgobi M.L	60 299	-	28 201	88 500
Makwala S.C	60 299	-	15 698	75 997
Mafona M.E	76 375	-	16 188	92 563
Selowa M.G	186 375	-	26 534	212 909
Makhurupetji - Malatji M.N	390 032	17 307	132 961	540 300
Senyolo T.J	76 375	-	4 139	80 514
Mamogale M.C	60 299	-	2 261	62 560
Flemming C.L	77 228	-	18 345	95 573
Malesa M.G	77 228	-	2 748	79 976
Makwala M.O	77 228	-	47 477	124 705
Mashele J.G	77 228	-	50 241	127 469
Mametja M.R	446 852	17 307	183 857	648 016
Magoro M.C	44 934	-	10 875	55 809
Makhura M.N	428 206	30 586	222 863	681 655
Mohlala M.F	216 463	29 340	65 670	311 473
Siwela M.D	40 091	-	12 445	52 536
Mabale S.P	76 375	-	20 977	97 352
Mantlhakga A.M	76 375	-	41 013	117 388
Rababalela T.J	2 319	-	34 866	37 185
Mashele M.B	14 127	-	2 261	16 388
	10 694 888	647 705	3 787 097	15 129 690

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
23. Regional bulk infrastructure projects		
Regional bulk infrastructure projects expenditure	13 564 075	71 449 541
24. Debt impairment		
Debt impairment	2 776 708	22 197 923
Written off	-	13 898 331
Total	2 776 708	36 096 254
Included in the debt impairment are long outstanding debtors from the five Local Municipalities within the District on Water and Sewer accounts.		
25. Investment revenue		
Interest revenue		
Current account	3 405 705	2 858 966
26. Depreciation and amortisation		
Property, plant and equipment	157 589 726	154 846 029
27. Interest paid		
Interest paid	461 993	607 869
28. Auditors' remuneration		
Fees	3 774 462	1 535 794
29. Contracted services		
Information technology services	4 124 744	5 354 837
Operating leases	1 252 092	8 094 847
Specialist services	6 460 139	6 432 512
Agency fee	-	3 025 035
Total	11 836 975	22 907 231
30. Grants and subsidies paid		
Other subsidies		
Bursaries	3 235 237	2 659 109
Free basic water	1 160 315	1 086 371
	4 395 552	3 745 480
Grants paid to LMs	-	-
Other subsidies	4 395 552	3 745 480
	4 395 552	3 745 480
31. Bulk purchases		
Water	186 532 674	254 125 179

The district municipality purchase bulk water on behalf of local municipalities.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
32. Cash generated from operations		
(Deficit) surplus	(4 179 627)	418 026
Adjustments for:		
Depreciation and amortisation	157 589 726	154 846 029
Loss on disposal of assets and liabilities	177 017	355 003
Debt impairment	2 776 708	36 096 254
Movements in provisions	2 244 012	57 257 183
Water and sanitation transactions	177 319	(184 115 750)
Changes in working capital:		
Inventories	19 335 873	(34 884 613)
Receivables from exchange transactions	(49 541 255)	(289 211 713)
Consumer debtors	(28 621 068)	(266 278 609)
Payables from exchange transactions	82 915 930	859 281 143
VAT	30 080 167	(58 755 180)
Unspent conditional grants and receipts	(102 748 449)	188 338 793
Consumer deposits	1 035 605	3 349 635
	111 241 958	466 696 201
33. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	433 303 568	89 617 947
• Orders	-	6 239 944
• Operating contract	-	10 404 119
Total	433 303 568	106 262 010

This committed expenditure relates to capital projects and will be financed by grants and surpluses, existing cash resources and funds internally generated.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

34. Contingent liabilities

Flotek Pipes / Mopani District Municipality

The matter involves a service provider who did not honour his obligation to the supplier of material. And as a result same sued the MDM and the Constructor for dishonouring the agreement. The case is pending.

The claim against the municipality amounts to 4 000 000.00.

Anna Magaretha Botes / Mopani District Municipality

The plaintiff is suing the MDM for the injury she suffered at MDM sewerage minehall in Modjadjiskloff. The case is pending.

The claim against the municipality amounts to 2 000 000.00.

Mokgadi Valencia Mashilo / Pastor Mafumo & MDM

The plaintiff is suing MDM as a result of motor vehicle collision involving MDM employee. The case is pending.

The claim against the municipality is amounts to 150 000.00

Mahlane Martin Moswati / Mopani District Municipality

The plaintiff is suing MDM as a result of motor vehicle collision involving MDM employee. The case is pending.

The claim against the municipality amounts to 150 000.00.

Esorfrankie Pipelines & Cycad Pipes / Mopani District Municipality

The plaintiff is suing MDM for awarding the tender to a JV which was not qualifying. JV grading was 8 and the tender was for a grade 9 company. The case is pending.

The claim against the municipality amounts to 10 000 000.00

Kgafela Construction / Mopani District Municipality

The plaintiff is suing MDM for cancelling the contract to build and office building in Tzaneen disaster center. The case is pending. The claim against the municipality amounts to 30 000 000.00

Bedrock Mining / Mopani District Municipality

The plaintiff is suing MDM as a result of veld fire at a farm belonging to Greater Tzaneen Municipality. MDM is sued for been responsible for fire services and disaster management.

The claim against the municipality amounts to 25 000 000.00

Palm Nusery Trust & Others / Mopani District Municipality

The plaintiff is suing MDM for failure to prevent a veld fire. The case is pending The claim against the municipality amounts to R5 000 000.

Richachres Investments Nine Pty Ltd / Mopani District Municipality

The invoices pieces of land been transferred to the of MDM. The case is pending. The claim against the Municipality amounts to 10 000 000.00.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015

2014

34. Contingent liabilities (continued)

Hippo Steel / Silver Solution (Pty) Ltd

The plaintiff is suing the contractor and the municipality as a result of a failure to pay them for services rendered. The case is pending.

The claim against the Municipality amounts to 4 000 000.00.

Nolwandle Ntimbane / Mopani District Municipality

The plaintiff is suing MDM for failure terminate contract for Modjadji Mabele tar road. The case is pending.

The claim against the municipality amounts to 25 000 000.00.

Limpopo Water Initiative / Mopani District Municipality

The plaintiff is suing MDM for failing to honour its financial obligations. The case is pending.

The claim against the municipality amounts to 30 000 000.00.

Johannes Swart / Leb P Construction & MDM and others.

The plaintiff is suing MDM for failing to honour its financial obligations. The case is pending.

The claim against the Municipality amounts to 2 000 000.00.

SARS / Tlong Re Yeng JV & MDM

SARS intends to collect money owed by the JV from MDM coffers. The case is pending.

The claim against the municipality amounts to 143 447.17.

Contingent assets

Kgafela Construction CC

Mopani district municipality sued Kgafela Construction CC for 14,140,976.84 for damages allegedly occasioned by Kgafela's failure to adhere to tender conditions. Legal costs are estimated at 2 000 000.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

35. Related parties

Relationships

Accounting Officer

Refer to disclosure note on remuneration of senior management

Constituent local municipalities of Mopani district

Ba - Phalaborwa municipality

Greater Giyani municipality

Greater Tzaneen municipality

Greater Letaba municipality

Maruleng municipality

Audit committee

Refer to General Information page for details on composition of the Audit Committee

Members of key management

Refer to disclosure note on remuneration of senior management

Remuneration of councillors

Refer to disclosure note on remuneration of Councillors

Lepelle Northern Water

Lepelle Northern Water has been appointed to implement various projects in the Greater Giyani municipality as an intervention by the National Department of Water and Sanitation

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

36. Prior period errors

1. The finance lease in respect of Ba - Phalaborwa Local Municipality motor vehicles was incorrectly accounted for as a loan, resulting in understatement of the unearned finance income liability by R413,343 and interest expense by the same amount.
2. The finance lease in respect of Ba - Phalaborwa Local Municipality motor vehicles was recorded at the incorrect amount R12 439 052 per contract and ledger as compared to the amount of R12 436 032 actually received from BPM) resulting in overstatement of the gross investment in lease by R3 020.00
3. An Adjustment to account for assets amounting to R22 405 006 acquired on credit in 2012-13 was credited against accumulated surplus instead of other creditors. This resulted in accumulated surplus being overstated by R22 405 006 and other creditors being understated by the same amount.
4. Staff Debtors repayments amounting to R7 462 were misposted against the payroll costs in prior years instead of reducing the debtors balances. This resulted in overstatement of staff debtors and accumulated surplus by R7 462.
5. The 2013 - 14 Provision for performance bonus and a stock adjustment, both balance sheet items amounting to R94 770 and R4.71 respectively were incorrectly disclosed under general expenses in the 2013 - 14 Caseware AFS. This resulted in understatement of General Expenses by R94 775 and understatement of Provision for performance bonus and inventory by R94 770 and R4.71 respectively.
6. A number of employees were overpaid on termination of employment in the previous financial years, but these overpayments amounting to R69 878 were not recorded as debtors in the period in which the overpayments occurred. This resulted in understatement of Other debtors and Accumulated surplus by R69 878.
7. The 2013 - 14 Provision for performance bonus and a stock adjustment, both balance sheet items amounting to R94 770 and R4.71 respectively were incorrectly disclosed under general expenses in the 2013 - 14 Caseware AFS. This resulted in understatement of General Expenses by R94 775 and understatement of Provision for performance bonus and inventory by R94 770 and R4.71 respectively.
8. 2013 - 14 Other Creditors i.r.o Modjadji Water Treatment Works Project amounting to R2 118 919 were not recorded in the correct financial year. This resulted in understatement of Other Creditors by R2 118 919 understatement of PPE (WIP) i.r.o cost of work done by R1 078 870, understatement of input VAT by R260 218 and overstatement of Retention liability i.r.o retention due to be paid to the Service Provider by R779 831.00
9. 2013 - 14 Other creditors i.r.o Kampersrus Sewage Plant Project amounting to R72 120 were not recorded in the correct financial year. This resulted in understatement of Other Creditors by R72 120.00. understatement of PPE (WIP) i.r.o cost of work done by R63 263, understatement of input VAT by R8 857.
10. 2013 - 14 Other Creditors i.r.o Giyani System N (Mapuve) & Bulk Supply Main to Siyandani Project amounting to R195 493 were not recorded in the correct financial year. This resulted in understatement of other creditors by R195 493, understatement of PPE (WIP) i.r.o cost of work done by R171 485, understatement of input VAT by R24 008
11. 2013-14 credit transactions amounting to R5 898 527 were not accrued for as at 30 June 2014, and were instead incorrectly captured as 2014-15 expenses when the suppliers were paid in 2014-15. This resulted in understatement of the creditors by R5 898 527 while expensed, input VAT and Salary suspense were understated by R5 556 272, R333 347 and R8 907 respectively.
12. A 2013-14 retention for Mulhumbolo Trading was incorrectly processed as other creditors.
13. 2014 - 15 expenses amounting to R2 143 780 were incorrectly accrued in 2013-14 financial year.
14. 2014 - 15 PPE amounting to R213 170 were incorrectly processed in 2013-14 financial year. This resulted in

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

36. Prior period errors (continued)

overstatement of expenses by R2 143 780, PPE by R213 170, Other creditors by R2 665 510 and input VAT suspense by R300 139

15. The 2013-14 Revenue from Water Services was understated by R244,618 due to application of incorrect tariffs in the billing system and non-billing of water consumption per meter readings. This resulted in Debtors from water services being understated by R244,618 .

16. The 2013-14 Connection fees of R58,559 was not processed by either BPM or MDM resulting in understatement of the Connection fee revenue and BPM inter-municipality debtor by R58,559.

17. The 2013-14 Post Employment Benefit (Water) expense was incorrectly captured as -R16,394 whereas the balance was Rnil in the records of Ba-Phalaborwa Municipality, resulting in the accumulated surplus being understated by R16,394 and the BPM inter-municipality account being overstated by the same amount.

18. The 2013-14 Stores and Material (Water) expense of R139,619 was incorrectly captured as R230,042 in the books of MDM, resulting in the expense being overstated by R90,423 and the BPM inter-municipality account being understated by the same amount.

19 The 2013-14 Sewer Connection Expense of R13,938.77 and the Printing and Stationery Expense (Sewer) of R467.20 were misposted to the Stores and Materials expense (Sewer) in the books of MDM. This resulted in the Sewer Connection Expense and the Printing and Stationery Expense (Sewer) being understated by R13,938.77 and R467.20 respectively while the the Stores and Materials expense (Sewer) was overstated by R14,406.

20. The 2013-14 Provision for Bad Debt was incorrectly captured as R54,193,752 whereas the balance was R94,081,285 in the records of Ba-Phalaborwa Municipality, resulting in the provision being understated by R139,887,5334 and the BPM inter-municipality account being understated by the same amount.

21. The 2013-14 Consumables inventory of R6,062,946 was incorrectly captured as R5,967,486 in the books of MDM, resulting in the BPM Inventory being understated by R95,459 and the BPM inter-municipality account being overstated by the same amount.

22. The 2013-14 movements in the GGM provisions balances were misposted to the GGM inter-municipality account balance in the MDM records resulting in overstatement of the inter-municipality account and accumulated surplus by R14,441,374.

23. The 2013-14 Salaries and wages of R936,826 for GGM Water meter readers was misposted to the GGM inter-municipality account in the records of MDM, resulting in the salaries and wages expense being understated by R936,826 while the GGM Inter-municipal account balance was overstated by the same amount.

24. The 2013-14 MDM inventory balance was not updated with the stock count results as at 30/6/2014, resulting in the inventory being understated by R109,516 and the GGM inter-municipality account being overstated by the same amount.

25. The 2013-14 Revenue from Water Services was understated by R535 due to use of incorrect tariffs in the billing system. This resulted in Debtors from water services being understated by R535.

26. During the year ended 30 June 2014, the municipality did not accrue for interest on GGM outstanding debtors amounting to R4,671,586. This resulted in the understatement of consumer debtors and accumulated surplus (Interest on outstanding debtors).

27. During processing of the 2013-14 approved audit adjustments, the interest on debtors for Greater Letaba Municipality was erroneously debited against the Greater Letaba Consumer deposits vote. This resulted in the understatement of Consumer debtors and Consumer Deposits by R49,289.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

36. Prior period errors (continued)

28. During processing of the 2013-14 approved audit adjustments, the interest on debtors for Greater Letaba Municipality was erroneously debited against the Greater Letaba Consumer deposits vote. This resulted in the understatement of Consumer debtors and Consumer Deposits by R49,289.
29. During the year ended 30 June 2014, the municipality did not accrue for interest on GTM outstanding debtors amounting to R4,970,666.95 This resulted in the understatement of GTM Inter-municipality balance and accumulated surplus (Interest on outstanding debtors).
30. The 2013-14 Bargaining Costs expense was incorrectly captured as R2,054,405 (which is the balance for Medical aid cost per the GTM records). The correct Bargaining Costs was actually R6,172. The 2013-14 Bargaining Costs were therefore overstated by R2,048,233.
31. The 2013-14 Security expense was incorrectly captured as R6,303,678 in the books of MDM, instead of R2,280, an overstatement of R6,301,398.
32. The 2013-14 Machines and Equipment expense was incorrectly captured as R6,188,735 in the books of MDM, instead of R3,658,714, an overstatement of R2,530,021. The overstatement was as a result of the Council-Owned Buildings and Distribution Network-Internal Labour expenses of R12,479 and R2,694,809 being misposted to Machines and Equipment vote and the Furniture and equipment expense of R177,267 was omitted from the Machines and Equipment expense vote.
33. The 2013-14 Distribution Network-Internal Labour expense of R2,694,809 was misposted to the Machinery and Equipment vote, resulting in the Network expense balance being understated by R2,694,809.
34. The 2013-14 GTM Internal charges and recoveries of R1,592,682 were not recorded in the books of MDM, resulting in understatement of expenditure by R2,074,781 and revenue by R482,099.
35. Per the 2013-14 GTM the local municipality received R38,000,000 from National Treasury in respect of the balance owed by MDM for running the water and sewer services. GTM reflected this receipt by crediting the Inter-municipality account with MDM, however this was not taken into account by MDM during preparation of the AFS and hence the accumulated surplus is understated by R38,000,000 and the GTM Inter-municipality account liability overstated by the same amount.
36. The 2013-14 Provision for long service leave of R167,802 as per the 2013/14 GTM inter-municipality account with MDM was not accounted for in the accounting records of MDM, resulting in the Provision for long service leave balance being understated by R167,802 and the GTM inter-municipality account liability balance being overstated by R167,802.
37. The 2013-14 GTM Water Inventory of R39,218 as per the 2013/14 GTM inter-municipality account with MDM was recorded as R26,668 in the accounting records of MDM, resulting in the Water Inventory balance and the GTM inter-municipality account liability balance being understated by R12,550.
38. The 2013-14 Sundry creditors of R167,802 as per the 2013/14 GTM inter-municipality account with MDM was not accounted for in the accounting records of MDM, resulting in the Sundry creditors balance being understated by R1,518,348 and the GTM inter-municipality account liability balance being overstated by R1,518,348.
39. The 2013-14 GTM Trade Creditors of R2,128,345 as per the 2013/14 GTM inter-municipality account with MDM was recorded as R2,582,703 in the accounting records of MDM, resulting in the GTM Trade Creditors balance being overstated by R454,357 and the GTM inter-municipality account liability balance being understated by R454,357.
40. MDM reflected a balance of R1,141,655 as agency fee owing to GTM for running the water and sewer services, however per the records of GTM the balance was R1,210,675 as at 30 June 2014. This resulted in the GTM Agency fees

Mopani District Municipality

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Notes to the Unaudited Annual Financial Statements

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2014

36. Prior period errors (continued)

liability balance being overstated by R69,020 and the GTM inter-municipality account liability balance being understated by R69,020.

41. MDM incorrectly recognised the 2013-14 MLM salaries and wages at R55,555 instead of R2,152,385. This resulted in the salaries and wages being understated by R2,096,830 and the MLM inter-municipality account being overstated by the same amount.

42. MDM incorrectly credited the MLM agency fee liability of R32,841 to the inter-municipality account instead of the agency fee liability vote. This resulted in the MLM Agency fees liability balance being understated by R32,841 and the MLM inter-municipality account liability balance being understated by R32,841.

43. MDM incorrectly recognised the 2013-14 MLM salaries and wages at R55,555 instead of R2,152,385. This resulted in the salaries and wages being understated by R2,096,830 and the MLM inter-municipality account being overstated by the same amount.

44. MDM incorrectly recognised the 2013-14 MLM water and sanitation debtors as R961,080 and R164,587 respectively, instead of R820,160 and R305,852 respectively. This resulted in the water debtors being overstated by R140,913 and the and sanitation debtors being understated by R141,265, and the MLM inter-municipality account being understated by R352.

45. MDM did not recognise the 2013-14 MLM leave expense (increase in provision) of R22,997, resulting in the leave expense and the MLM inter-municipality account being overstated understated by R22,997.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

36. Prior period errors (continued)

Adjustments affecting the Statement of financial performance

Adjustment to record previously uncaptured 2013-14 RBIG Grant Revenue and Debtor (Mametja Sekororo).	-	(9 579 257)
Adjustment for 2014-15 licence fee expense that was incorrectly accrued for in 2013-14.	-	(2 365 512)
Adjustment to accrue for 2013-14 liability i.r.o security services.	-	3 925 804
Adjustment to accrue for 2013-14 liability i.r.o bulk water purchases.	-	1 630 205
Adjustment to correct mispost of Sewer Connection and Printing and Stationery expenses in the Stores and Material vote in MDM accounting records.	-	13 939
Adjustment to correct mispost of Sewer Connection and Printing and Stationery expenses in the Stores and Material vote in MDM accounting records.	-	467
Adjustment to correct mispost of Sewer Connection and Printing and Stationery expenses in the Stores and Material vote in MDM accounting records.	-	(14 406)
Adjustment to correct misstatement of provision for doubtful debt in MDM accounting records.	-	399 243
Adjustment to correct the 2013-14 GLM Inter-Municipality Account.	-	49 289
Adjustment to account for 2013-14 Water Connection fees in MDM accounting records.	-	(57 800)
Adjustment to account for 2013-14 Sewer Connection fees in MDM accounting records.	-	(759)
Adjustment to correct overstatement of Long Service allowance expense in MDM accounting records	-	(167 251)
Adjustment to correct overstatement of Pension / Provident Fund expense in MDM accounting records.	-	(860 717)
Adjustment to correct overstatement of Pension / Provident Fund expense in MDM accounting records.	-	(76 720)
Adjustment to reverse incorrect 2013-14 Post Employment Benefit (Water) expense in MDM accounting records.	-	16 394
Adjustment to correct overstatement of Contracted Services expense in MDM accounting records.	-	(324 657)
Adjustment to correct overstatement of Stores and material expense in MDM accounting records.	-	(90 423)
Adjustment to correct understatement of Revenue from Water Services in BPM and MDM accounting records.	-	(244 618)
Adjustment to correct overstatement of Bargaining Council expense in MDM accounting records.	-	(2 048 233)
Adjustment to correct overstatement of Security expense in MDM accounting records.	-	(6 301 398)
Adjustment to correct overstatement of Machine and equipment expense in MDM accounting records.	-	(2 530 021)
Adjustment to correct understatement of Network expense expense in MDM accounting records.	-	2 694 809
Adjustment to correct understatement of GTM internal chages in MDM accounting records.	-	80 880
	-	1 993 901
Adjustment to correct understatement of GTM Recoveries expense in MDM accounting records.	-	(482 099)
Adjustment to record 2013-14 previously uncaptured interest on debtors (GTM).	-	(6 474 714)
Adjustment for understatement of leave expense	-	28 997
Adjustment for interest on debtors per Ex.94	-	(4 671 586)
Adjustment for understatement of water revenue	-	(535)
Adjustment for understatement of the 2013-14 Salaries and wages (Water)	-	936 826
Adjustment for understatement of Decrease in Accrued Leave	-	10 241
Adjustment for understatement of Increase in Accrued Bonus	-	(39 054)
Adjustment for understatement of Long Service Award provision	-	37 832
Adjustment for understatement of Post retirement Medical Contribution	-	534 024
Adjustment for understatement of Provision for Bad Doubtful Debts	-	13 898 331
Adjustment to bring in the Acc depreciation & depreciation for prior years	-	1 521 539
'Accounting for Depreciation 2013/2014	-	3 830 030

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

36. Prior period errors (continued)

Adjustment to correct prior year acc. depreciation & depreciation on intangible assets	-	(13 764)
'Reveral of double accounting of fire station paving	-	34 700
'Reallocation of misposted assets	-	(1 713 363)
'Reallocation of misposted assets	-	(10 501 305)
'Reallocation of misposted assets	-	(7 537)
'Reallocation of misposted assets	-	1 013 546
Correction of depreciation 2013/2014	-	(12 863 191)
Correction of Depreciation 2013/2014	-	(2 145 793)
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	331 097
Adjustment on plant & equipment depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(448 864)
Adjustment on office equipment depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	401 975
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(194 864)
Adjustment on motor vehicles depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	332 352
Adjustment on furniture & fittings depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(8 850)
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(300)
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	4 946
Adjustment on emergency equipment depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	104 935
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	119
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	112 625
Adjustment on intangible depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(44 946)
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(143 800)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(1 750 312)
Recognition of interest expense on finance lease liability.	-	278 132
Recognition of interest expense on finance lease liability.	-	(97 919)
Adjustment 2013-14 BPM agency fee.	-	33 810
	-	-
Adjustment affecting the Statement of financial position		
Adjustment to record previously uncaptured 2013-14 RBIG Grant Revenue and Debtor (Mametja Sekororo).	-	-
Adjustment to recognise previously unrecognised Other Creditor i.r.o adjusting post balance sheet event (Settlement agreement with dismissed employee).	-	-
Adjustment to recognise prior period Other Debtors that arose due to overpayments to former employees, but were not recorded in the period in which the overpayments	-	(69 878)
Adjustment to recognise previously unrecognised staff debtors who were overpaid.	-	(81 338)
Adjustment to correct error in recording of 2012-13 other creditors, which were misposted to accumulated surplus.	-	22 405 006
Adjustment to Trade creditors for 2014-15 licence fee expense that was incorrectly accrued for in 2013-14.	-	(300 138)
Reversal of VAT on adjustment for 2014-15 expenses that were incorrectly accrued for in 2013-14,	-	300 138
Adjustments to accrue for 2013-14 liabilities.	-	303 578
VAT on previously unaccrued liabilities	-	(303 578)
Adjustment to accrue for 2013-14 liability i.r.o bulk water purchases.	-	29 768
VAT arising on adjustment to accrue for 2013-14 liabilities i.r.o bulk water purchases.	-	(29 768)
Adjustment to correct the 2013-14 GTM inter municipality account	-	(28 668 223)
Adjustment to recognise 2013-14 Kampersrus Sewage Plant Project.	-	-

Mopani District Municipality

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	2015	2014
36. Prior period errors (continued)		
Adjustment to correct understatement of 2013-14 MLM Consumer Debtors.	-	(141 265)
Adjustment to correct understatement of 2013-14 MLM Consumer Debtors.	-	352
Adjustment to correct understatement of 2013-14 MLM Consumer Debtors.	-	140 913
Adjustment to correct misstatement of MLM Agency fee liability to MLM inter-municipality account.	-	(32 841)
Adjustment to correct misstatement of MLM Agency fee liability to MLM inter-municipality account.	-	32 841
Adjustment to correct overstatement of 2013-14 MLM provision for doubtful debt.	-	(18 070)
Adjustment to correct overstatement of 2013-14 MLM provision for doubtful debt.	-	18 070
Adjustment to correct understatement of GTM Water Inventory in MDM accounting records.	-	(12 550)
Adjustment to correct understatement of GTM Water Inventory in MDM accounting records.	-	12 550
Adjustment to correct understatement of Sundry creditors in MDM accounting records.	-	(1 518 348)
Adjustment to correct understatement of Sundry creditors in MDM accounting records.	-	1 518 348
Adjustment to correct overstatement of GTM Trade creditors in MDM accounting records.	-	(454 357)
Adjustment to correct overstatement of GTM Trade creditors in MDM accounting records.	-	454 357
Adjustment to correct overstatement of GTM Agency fees in MDM accounting records.	-	(69 020)
Adjustment to correct overstatement of GTM Agency fees in MDM accounting records.	-	69 020
-95459	-	(109 516)
Adjustment to correct the 2013-14 Inventory balance in MDM accounting records.	-	109 516
Adjustment to correct understatement of 2013-14 Post Employment Benefit (Water) expense in MDM accounting records.	-	(39 887 533)
Adjustment to correct understatement of 2013-14 Post Employment Benefit (Water) expense in MDM accounting records.	-	39 887 533
Adjustment to correct understatement of Consumables inventory in MDM accounting records.	-	(95 459)
Adjustment to correct understatement of Consumables inventory in MDM accounting records.	-	95 459
Adjustment to correct overstatement of GTM inter-municipality account liability balance in MDM accounting records.	-	(38 000 000)
Adjustment to correct 2013-14 BPM loan account./.	-	93 486
Adjustment for understatement of salaries and wages	-	(324 659)
'Adjustment for Creditor raised twice in 2013/2014 year. Correction of creditor	-	763 000
'Adjustment for Creditor raised twice in 2013/2014 year. Correction of creditor	-	(763 000)
'Adjustment to bring in the Acc depreciation & depreciation for prior years	-	1 328 337
'Adjustment to correct prior year acc. depreciation & depreciation on intangible assets	-	(44 198)
'Adjustment to correct prior year acc. depreciation & depreciation on intangible assets	-	(74 075)
'Adjustment to correct opening balance 2013, Buildings are reinstated	-	21 505 002
Adjustment to correct opening balance 2013, Buildings are reinstated	-	(82 728 230)
Clearing of Office Buiding vote to under construction	-	28 500
Clearing of Office Buiding vote to under construction	-	(28 500)
Correction of opening balance of PPE under construction	-	9 007 210
Correction of PPE opening balances	-	516 821 583
Correction of PPE opening balances	-	(336 221 474)
Correction of PPE opening balances	-	19 392
Retention raised & reallocation of asset to the correct capital vote	-	(20 844)
Retention raised & reallocation of asset to the correct capital vote	-	20 844
Retention raised & reallocation of asset to the correct capital vote	-	9 026
Retention raised & reallocation of asset to the correct capital vote	-	(9 026)
Reallocation of misposted assets	-	50 749 727
Reallocation of misposted assets	-	(50 749 727)
Correction of opening balance of PPE under construction	-	118 332 101
Correction of opening balance of PPE under construction	-	(68 288 106)
Correction of opening balance of PPE under construction	-	(20 813 226)

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	2015	2014
36. Prior period errors (continued)		
Prior year Retention raised.	-	(39 558)
Prior year Retention raised.	-	39 558
Adjustment to correct overstatement of Consumer Deposits in MDM accounting records.	-	(347 114)
Adjustment to correct overstatement of Consumer Deposits in MDM accounting records.	-	347 114
Adjustment to correct overstatement of Provision post employment benefits in MDM accounting records.	-	1 418 251
Adjustment to correct overstatement of Provision post employment benefits in MDM accounting records.	-	(1 418 251)
Adjustment to correct overstatement of Provision long service in MDM accounting records.	-	(434 022)
Adjustment to correct overstatement of Provision long service in MDM accounting records.	-	434 022
Adjustment to account for the understatement of input VAT i.r.o the Lephelle Creditor in prior years.	-	(25 883 766)
Adjustment to account for the understatement of the Lephelle Creditor and input VAT in prior years.	-	210 767 811
Adjustment to correct understatement of MLM consumer deposits by both municipalities.	-	(154 611)
Adjustment to correct understatement of MLM consumer deposits by both municipalities.	-	154 611
Adjustment to reverse mispost of Staff debtors' debt repayments.	-	3 327
Adjustment to reverse mispost of Staff debtors' debt repayments.	-	4 136
Adjustment on water infrastructure accumulated depreciation. Asset register was reinstated during the 30 June 2015 year.	-	71 536
Adjustment on water infrastructure depreciation during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	23 066
Adjustment on accumulated depreciation. Asset register was reinstated during the 30 June 2015 year.	-	(4 550 881)
Adjustment on office equipment cost brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 508 169
Adjustment on office equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(178 447)
Adjustment on office equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 694 153
Adjustment on furniture & fittings cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	3 266 554
Adjustment on furniture & fittings cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(3 985 885)
Adjustment on furniture & fittings accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 194 097
Adjustment on furniture & fittings accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(452 773)
Adjustment on plant & equipment cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	5 146 560
Adjustment on plant & equipment cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(3 703 361)
Adjustment on plant & equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 205 643
Adjustment on plant & equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(689 340)
Adjustment on motor vehicles cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	28 990 269
Adjustment on motor vehicles cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(38 074 280)
Adjustment on motor vehicles accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(1 373 981)

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	2015	2014
36. Prior period errors (continued)		
Adjustment on motor vehicles accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	2 532 582
Adjustment on emergency equipment cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	2 077 553
Adjustment on emergency equipment cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(3 603 139)
Adjustment on emergency equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(365 345)
Adjustment on emergency equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 422 690
Adjustment on finance lease cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(4 871 073)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	3 691 966
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(29 305)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	29 305
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(58 610)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	58 610
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(1 710)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	1 710
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(100 890)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	100 890
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(30 855 402)
Adjustment prior years' BPM agency fee.	-	3 649 186
Other Debtors--Adjusmnt to correct GLM Inter-municipality account	-	14 722 981
Net Increase/Decrease in accumulated surplus	-	(245 569 736)

Statement of Financial Position as at 30 June 2013	Balance as previously reported	Prior Period Error	Reclassified (note 37)	Restated balance
Assets				
Current Assets				
Inventories	34 667 088	217 525	-	34 884 613
Receivables from exchange transactions	262 508 187	26 703 526	-	289 211 713
VAT receivable	32 546 442	26 208 738	-	58 755 180
Consumer Debtors	270 755 610	(40 573 255)	-	230 182 355
Cash and Cash equivalents	83 126 281	-	-	83 126 281
Total Current Assets	683 603 608	12 556 534	-	696 160 142
Non-current Assets				
Property, plant and equipment	4 708 061 777	(124 366 787)	(432 000)	4 583 262 990
Intangible assets	10 380 783	132 037	-	10 512 820
Heritage Assets	-	-	432 000	432 000
Total non-current assets	4 718 442 560	(124 234 750)	-	4 594 207 810
Liabilities				
Current liabilities				
Finance lease obligation	-	2 312 383	-	2 312 383
Payables from exchange transactions	695 774 371	163 506 772	-	859 281 143
Consumer deposits	3 492 850	(143 214)	-	3 349 636
Unspent conditional grants and receipts	219 194 195	(30 855 402)	-	188 338 793
Provisions	23 981 416	94 770	-	24 076 186
Total current liabilities	942 442 832	134 915 309	-	1 077 358 141
Non current liabilities				
Provisions	34 865 468	(1 684 471)	-	33 180 997

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

36. Prior period errors (continued)

Net assets

Accumulated surplus-opening balance	4 456 994 106	(277 583 318)	-	4 179 410 788
Surplus/deficit	(32 256 238)	32 013 577	660 687	418 026
	4 424 737 868	(245 569 741)	660 687	4 179 828 814

Statement of Financial Performance for the year ended 30 June 2013

	Balance as previously reported	Prior period error	Reclassified (Note 37)	Total
Revenue				
Service charges	(137 642 728)	(308 972)	-	(137 951 700)
Interest earned-outstanding receivables	(2 681 864)	(11 146 300)	-	(13 828 164)
Other income	(3 042 127)	(13 939)	-	(3 056 066)
Interest received	(2 858 966)	-	-	(2 858 966)
Government grants and subsidies	(997 806 539)	(9 579 257)	-	(1 007 385 796)
Total revenue	(1 144 032 224)	(21 048 468)	-	(1 165 080 692)

Expenditure

	-	-	-	-
	-	-	-	-
Service charges	(137 642 728)	2 776 646	-	(134 866 082)
Interest earned - Outstanding receivables	(2 681 864)	(11 097 010)	-	(13 778 874)
Other income	(3 042 127)	(3 136 757)	-	(6 178 884)
Interest received	(2 858 966)	-	-	(2 858 966)
Government grants & subsidies	(997 806 539)	(9 579 257)	-	(1 007 385 796)
Employee Costs	207 052 796	(1 532 891)	-	205 519 905
Remuneration of Councillors	8 380 164	-	-	8 380 164
Regional Bulk Infrastructure Projects Expenditure	71 449 541	-	-	71 449 541
Mopani Household Sanitation	197 601 189	(2 096 958)	-	195 504 231
Depreciation and amortisation	163 686 795	(8 840 766)	-	154 846 029
Finance Costs	607 869	-	-	607 869
Debt Impairment	21 798 680	14 297 574	-	36 096 254
Repairs and Maintenance	120 164 109	(12 202 991)	-	107 961 118
Bulk Purchases	252 494 974	1 630 205	-	254 125 179
Contracted services	29 657 727	(6 750 496)	-	22 907 231
Grants and subsidies paid	3 745 480	-	-	3 745 480
General Expenses	99 359 012	3 793 560	-	103 152 572
Total expenditure	31 966 112	(32 739 141)	-	(773 029)
Operating surplus/(deficit)	(31 966 112)	32 739 141	-	773 029
Loss on disposal of assets and liabilities	(290 126)	(64 877)	-	(355 003)
	(32 256 238)	32 674 264	-	418 026

37. Unauthorised expenditure

Opening Balance	157 216 544	140 089 736
Add: Unauthorised expenditure during the year	1 038 038	17 126 808
Unauthorised expenditure awaiting condonement	158 254 582	157 216 544

The unauthorised expenditure relates to the over - expenditure on Greater Giyani Vote for Water amounting R806 323.00 and over expenditure on Maruleng Municipality - Water and Sewer Vote amounting to R231 715.15

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

2015 2014

37. Unauthorised expenditure (continued)

The unauthorised expenditure has been tabled to Council and is investigated by a Council Committee.

38. Fruitless and wasteful expenditure

Opening Balance	1 510 165	935 977
Add: Fruitless and Wasteful expenditure during the year	46 948	574 188
Fruitless and Wasteful Expenditure awaiting condonement	1 557 113	1 510 165

The fruitless and wasteful expenditure relates to interest on overdue account for Telkom account amounting to R32 279.30 and Eskom account amounting to R14 668.84.

The fruitless and wasteful expenditure has been tabled to Council and is investigated by a Council Committee

39. Irregular expenditure

Opening balance	174 794 070	159 260 478
Add: Irregular Expenditure - current year	-	15 533 592
Irregular Expenditure awaiting condonement	174 794 070	174 794 070

The irregular expenditure has been tabled to Council and is investigations by a Council Committee.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
40. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to SALGA		
Current year subscription / fee	7 409 673	3 483 271
Amount paid - current year	(7 409 673)	(3 483 271)
	-	-
PAYE and UIF		
Current year subscription / fee	26 726 239	23 559 409
Amount paid - current year	(26 726 239)	(23 559 409)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	12 739 140	24 392 278
Amount paid - current year	(12 739 140)	(24 392 278)
	-	-
VAT		
VAT receivable	28 675 013	58 755 180

VAT is payable on the cash basis as from the 30th May 2013. VAT input receivables and VAT output receivable is shown in note 8. All VAT returns have been submitted by the due date throughout the year.

41. Deviation from supply chain management regulations

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the Municipal Manager. The total deviations for the year amounted to **R13 749 637.26. (2014: R3 086 120.34)** which has been tabled to council for noting in terms of Section 36(2).

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that deviations must be included as a note to the unaudited annual financial statements

Major deviations related to emergency procurement of borehole spares and pipes in order to avoid interruption of essential service (Water Supply).

The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

42. In Kind Service

COGHSTA has provided an in kind service in the form of a Resident Accountant as from December 2012.

National Treasury provided an in kind service in form of an Advisor as from June 2015.

COGHSTA has provided an in kind service in the form an Acting Municipal Manager.

Mopani District Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2015

Notes to the Unaudited Annual Financial Statements

	2015	2014
43. Distribution Losses		
Total Raw Water Abstracted (KI)	43 476 543	-
Total Purified Water losses (KI)	6 051 985	-
Percentage water losses at the plants (%)	14	-

Mopani District Municipality (MDM) as a Water Service Authority (WSA) has service level agreements with its five Local Municipalities, the Local Municipalities distribute water to the consumers on its behalf above are the distribution losses incurred.

The distribution loss percentage is high because it also includes the following elements that comprise non-revenue water:-

1. Unauthorised Consumption
2. Overflows from water storage
3. Unbilled metered consumption

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	11 980 776	-	-	-	-	-	11 980 776	-	-	-	-	-	-	11 980 776
Buildings	119 975 439	-	-	-	-	65 692 144	185 667 583	(32 363 656)	(5 201 218)	-	-	-	(37 564 874)	148 102 708
	131 956 215	-	-	-	-	65 692 144	197 648 359	(32 363 656)	(5 201 218)	-	-	-	(37 564 874)	160 083 484
Infrastructure														
Sewer Pump Station	38 854 807	-	-	-	-	119 868 143	158 722 950	(19 597 717)	(1 901 992)	-	-	-	(21 499 709)	137 223 241
Collection/ Reticulation Network	1 051 434 354	-	-	-	-	-	1 051 434 354	(342 965 499)	(21 028 687)	-	-	-	(363 994 186)	687 440 168
Waste Water Treatment	579 408 061	-	-	-	-	-	579 408 061	(317 307 136)	(14 206 494)	-	-	-	(331 513 630)	247 894 431
Water Treatment	409 234 576	29 643 407	-	-	-	147 225 297	586 103 280	(149 912 021)	(12 305 012)	-	-	-	(162 217 033)	423 886 247
Storage	726 984 636	405 586	-	-	-	-	727 390 222	(334 310 763)	(15 376 807)	-	-	-	(349 687 570)	377 702 652
Bulk Supply	11 798 043	112 505	-	-	-	-	11 910 548	-	(109 316)	-	-	-	(109 316)	11 801 232
Distribution/ Reticulation Network	3 535 110 136	780 021	-	-	-	-	3 535 890 157	(1 292 140 045)	(59 960 147)	-	-	-	(1 352 100 192)	2 183 789 965
Boreholes	322 592 874	250 579	-	-	-	-	322 843 453	(117 404 148)	(17 409 860)	-	-	-	(134 814 008)	188 029 444
Water Pump Station	84 174 810	-	-	-	-	-	84 174 810	(36 670 587)	(3 850 782)	-	-	-	(40 521 369)	43 653 441
	6 759 592 297	31 192 098	-	-	-	267 093 440	7 057 877 835	(2 610 307 916)	(146 149 097)	-	-	-	(2 756 457 013)	4 301 420 821
Community Assets														

Appendix B

Analysis of property, plant and equipment as at 30 June 2015 Cost/Revaluation Accumulated depreciation

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Under Construction	Closing Balance	Opening Balance	Additions	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets														
Mayoral Chain	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Specialised vehicles														
Other assets														
Fire Fighting equipment/fire horses	183 398	-	-	-	-	-	183 398	(97 457)	(19 481)	-	-	-	(116 938)	66 460
Emergency / rescue equipment	3 509 683	-	(4 552)	-	-	-	3 505 131	(1 895 064)	(541 802)	2 598	-	-	(2 434 268)	1 070 863
Training equipment	850	-	-	-	-	-	850	(202)	(153)	-	-	-	(355)	495
Trucks, buses and LDVs	15 430 893	-	-	-	-	-	15 430 893	(1 119 369)	(532 857)	-	-	-	(1 652 226)	13 778 666
Passenger Vehicles	6 224 156	888 491	(176 808)	-	-	-	6 935 839	(1 094 725)	(464 147)	55 172	-	-	(1 503 700)	5 432 139
Emergency vehicles	10 291 410	-	-	-	-	-	10 291 410	(1 158 480)	(655 494)	-	-	-	(1 813 974)	8 477 436
Trailers and accessories	558 800	-	-	-	-	-	558 800	(113 796)	(22 357)	-	-	-	(136 153)	422 647
Tractors	7 115 540	-	-	-	-	-	7 115 540	(786 426)	(227 697)	-	-	-	(1 014 123)	6 101 417
Tables and desks	1 402 990	-	-	-	-	-	1 402 990	(533 508)	(162 008)	-	-	-	(695 516)	707 474
Chairs and couches	1 348 827	-	(4 979)	-	-	-	1 343 848	(563 102)	(152 069)	2 581	-	-	(712 590)	631 258
Shelving and bookcases	162 914	59 360	-	-	-	-	222 274	(63 221)	(28 842)	-	-	-	(92 063)	130 211
Cabinets and cupboards	745 150	-	-	-	-	-	745 150	(291 090)	(83 668)	-	-	-	(374 758)	370 392
Beds	180 976	-	-	-	-	-	180 976	(109 951)	(24 529)	-	-	-	(134 480)	46 496
Other furniture and fittings	146 660	49 000	-	-	-	-	195 660	(73 145)	(16 333)	-	-	-	(89 478)	106 182
Plant and equipment Other	929 672	3 930	(1 590)	-	-	-	932 012	(435 173)	(106 032)	165	-	-	(541 040)	390 972
Generators	1 731 983	39 999	-	-	-	-	1 771 982	(769 158)	(161 730)	-	-	-	(930 888)	841 094
Radio equipment	82 020	-	-	-	-	-	82 020	(31 266)	(11 345)	-	-	-	(42 611)	39 409
Compressors	126 557	-	-	-	-	-	126 557	(50 831)	(13 430)	-	-	-	(64 261)	62 296
Earth moving equipments	540 000	-	-	-	-	-	540 000	(67 108)	(48 600)	-	-	-	(115 708)	424 292
Sports equipment	1 500	-	-	-	-	-	1 500	(818)	(164)	-	-	-	(982)	518
Sport and recreational equipment	415	-	-	-	-	-	415	(302)	(75)	-	-	-	(377)	38
Lawnmowers/ gardening equipment	10 864	5 351	(500)	-	-	-	15 715	(5 847)	(1 520)	307	-	-	(7 060)	8 655
Lab equipment	42 903	-	-	-	-	-	42 903	(23 946)	(4 787)	-	-	-	(28 733)	14 170
Office machines	501 444	6 599	(77 716)	-	-	-	430 327	(269 218)	(72 279)	46 163	-	-	(295 334)	134 993
Domestic equipment	131 501	-	-	-	-	-	131 501	(67 976)	(15 905)	-	-	-	(83 881)	47 620
Computer hardware	2 374 510	197 986	(71 121)	-	-	-	2 501 375	(1 112 878)	(447 711)	42 855	-	-	(1 517 734)	983 641
Office equipment - Other	90 154	-	(1 820)	-	-	-	88 334	(47 931)	(10 603)	1 025	-	-	(57 509)	30 825
Audiovisual equipment	509 409	-	(5 400)	-	-	-	504 009	(267 247)	(58 859)	3 643	-	-	(322 463)	181 546
Air Conditioners	753 441	14 700	(6 800)	-	-	-	761 341	(430 277)	(92 738)	4 266	-	-	(518 749)	242 592
Workshop equipment and tools	499 369	-	-	-	-	-	499 369	(214 744)	(58 198)	-	-	-	(272 942)	226 427
Specialized Vehicles	1 677 000	-	-	-	-	-	1 677 000	(67 035)	(53 664)	-	-	-	(120 699)	1 556 301
	57 304 989	1 265 416	(351 286)	-	-	-	58 219 119	(11 761 291)	(4 089 077)	158 775	-	-	(15 691 593)	42 527 525

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	131 956 215	-	-	-	-	65 692 144	197 648 359	(32 363 656)	(5 201 218)	-	-	-	(37 564 874)	160 083 484
Infrastructure	6 759 592 297	31 192 098	-	-	-	267 093 440	7 057 877 835	2 610 307 916)	(146 149 097)	-	-	-	2 756 457 013)	4 301 420 821
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	57 304 989	1 265 416	(351 286)	-	-	-	58 219 119	(11 761 291)	(4 089 077)	158 775	-	-	(15 691 593)	42 527 525
	6 949 285 501	32 457 514	(351 286)	-	-	332 785 584	7 314 177 313	2 654 432 863)	(155 439 392)	158 775	-	-	2 809 713 480)	4 504 463 830
Agricultural/Biological assets														
Intangible assets														
Computer Software	1 097 760	-	-	-	-	-	1 097 760	(260 056)	(205 413)	-	-	-	(465 469)	632 291
Servitude	13 991 354	-	-	-	-	-	13 991 354	(4 316 237)	(699 568)	-	-	-	(5 015 805)	8 975 549
	15 089 114	-	-	-	-	-	15 089 114	(4 576 293)	(904 981)	-	-	-	(5 481 274)	9 607 840
Leased Assets														
Office Equipment	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
Total														
Land and buildings	131 956 215	-	-	-	-	65 692 144	197 648 359	(32 363 656)	(5 201 218)	-	-	-	(37 564 874)	160 083 484
Infrastructure	6 759 592 297	31 192 098	-	-	-	267 093 440	7 057 877 835	2 610 307 916)	(146 149 097)	-	-	-	2 756 457 013)	4 301 420 821
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	57 304 989	1 265 416	(351 286)	-	-	-	58 219 119	(11 761 291)	(4 089 077)	158 775	-	-	(15 691 593)	42 527 525
Intangible assets	15 089 114	-	-	-	-	-	15 089 114	(4 576 293)	(904 981)	-	-	-	(5 481 274)	9 607 840
Leased Assets	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
	6 969 436 203	32 460 934	(351 286)	-	-	332 785 584	7 334 331 435	2 661 859 033)	(157 589 725)	158 775	-	-	2 819 289 983)	4 515 041 449

Appendix B

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	10 910 778	1 800 000	(730 000)	-	-	-	11 980 778	-	-	-	-	-	-	11 980 777
Buildings	116 990 124	2 985 315	-	-	-	64 019 143	183 994 582	(27 204 193)	(5 159 463)	-	-	-	(32 363 656)	151 630 926
	127 900 902	4 785 315	(730 000)	-	-	64 019 143	195 975 360	(27 204 193)	(5 159 463)	-	-	-	(32 363 656)	163 611 703
Infrastructure														
Sewer Pump Station	38 854 807	-	-	-	-	102 387 566	141 242 373	(17 695 725)	(1 901 992)	-	-	-	(19 597 717)	121 644 656
Collection / Reticulation Network	1 051 434 354	-	-	-	-	-	1 051 434 354	(321 936 812)	(21 028 687)	-	-	-	(342 965 499)	708 468 855
Waste Water Treatment	579 408 067	-	-	-	-	-	579 408 067	(303 100 642)	(14 206 494)	-	-	-	(317 307 136)	262 100 931
Water Treatment	368 429 454	40 805 122	-	-	-	120 223 924	529 458 500	(138 197 839)	(11 714 183)	-	-	-	(149 912 022)	379 546 478
Storage	717 868 665	9 115 971	-	-	-	-	726 984 636	(319 480 958)	(14 829 805)	-	-	-	(334 310 763)	392 673 873
Bulk Supply	9 603 706	2 194 338	-	-	-	-	11 798 044	-	-	-	-	-	-	11 798 043
Distribution / Reticulation Network	3 521 332 384	13 777 752	-	-	-	-	3 535 110 136	(1 232 562 324)	(59 577 721)	-	-	-	(1 292 140 045)	2 242 970 091
Boreholes	310 697 261	11 895 613	-	-	-	-	322 592 874	(101 656 206)	(15 747 942)	-	-	-	(117 404 148)	205 188 725
Water Pump Station	84 174 810	-	-	-	-	-	84 174 810	(32 819 804)	(3 850 782)	-	-	-	(36 670 586)	47 504 223
	6 681 803 508	77 788 796	-	-	-	222 611 490	6 982 203 794	(2 467 450 310)	(142 857 606)	-	-	-	(2 610 307 916)	4 371 895 875

Appendix B

Analysis of property, plant and equipment as at 30 June 2014 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Mayoral Chain	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Specialised vehicles														
Other assets														
Fire Fighting equipment/ fire houses	183 398	-	-	-	-	-	183 398	(77 976)	(19 481)	-	-	-	(97 457)	85 941
Emergency / rescue equipment	3 418 891	90 792	-	-	-	-	3 509 683	(1 344 666)	(550 398)	-	-	-	(1 895 064)	1 614 619
Training equipment	850	-	-	-	-	-	850	(49)	(153)	-	-	-	(202)	648
Trucks, buses and LDVs	13 104 553	2 516 340	(190 000)	-	-	-	15 430 893	(659 469)	(501 769)	41 869	-	-	(1 119 369)	14 311 524
Passenger vehicles	6 226 656	-	(2 500)	-	-	-	6 224 156	(680 055)	(415 579)	909	-	-	(1 094 725)	5 129 431
Emergency Vehicles	9 391 730	968 780	(69 100)	-	-	-	10 291 410	(529 520)	(646 968)	18 008	-	-	(1 158 480)	9 132 930
Trailers and accessories	558 800	-	-	-	-	-	558 800	(91 439)	(22 357)	-	-	-	(113 796)	445 004
Tractors	7 115 540	-	-	-	-	-	7 115 540	(558 729)	(227 697)	-	-	-	(786 426)	6 329 114
Specialised Vehicles	1 677 000	-	-	-	-	-	1 677 000	(13 371)	(53 664)	-	-	-	(67 035)	1 609 965
Tables & desks	1 402 990	-	-	-	-	-	1 402 990	(378 302)	(155 206)	-	-	-	(533 508)	869 482
Chairs and Couches	1 377 353	-	(28 526)	-	-	-	1 348 827	(426 863)	(153 259)	17 021	-	-	(563 101)	785 726
Shelving and Bookcases	132 756	30 158	-	-	-	-	162 914	(42 215)	(21 006)	-	-	-	(63 221)	99 693
Cabinets & Cupboards	745 150	-	-	-	-	-	745 150	(204 154)	(86 936)	-	-	-	(291 090)	454 060
Beds	180 976	-	-	-	-	-	180 976	(84 204)	(25 747)	-	-	-	(109 951)	71 025
Other furniture and fittings	146 660	-	-	-	-	-	146 660	(58 358)	(14 787)	-	-	-	(73 145)	73 515
Plant and Equipment - Other	835 559	94 884	(770)	-	-	-	929 673	(333 704)	(101 889)	420	-	-	(435 173)	494 500
Workshop equipment and tools	405 301	94 068	-	-	-	-	499 369	(158 715)	(56 029)	-	-	-	(214 744)	284 625
Generators	1 702 900	29 084	-	-	-	-	1 731 984	(612 010)	(157 147)	-	-	-	(769 157)	962 827
Radio Equipment	68 231	13 790	-	-	-	-	82 021	(20 451)	(10 815)	-	-	-	(31 266)	50 755
Compressors	95 689	30 868	-	-	-	-	126 557	(37 869)	(12 962)	-	-	-	(50 831)	75 726
Earth moving equipment	540 000	-	-	-	-	-	540 000	(18 508)	(48 600)	-	-	-	(67 108)	472 892
Sports equipment	1 500	-	-	-	-	-	1 500	(655)	(164)	-	-	-	(819)	681
Lawnmowers / gardening equipments	10 864	-	-	-	-	-	10 864	(4 345)	(1 502)	-	-	-	(5 847)	5 016
Lab equipments	42 903	-	-	-	-	-	42 903	(19 159)	(4 787)	-	-	-	(23 946)	18 957
Office machines	484 894	16 550	-	-	-	-	501 444	(199 025)	(70 193)	-	-	-	(269 218)	232 226
Domestic Equipment	131 501	-	-	-	-	-	131 501	(52 071)	(15 905)	-	-	-	(67 976)	63 525
Computer hardware	2 571 787	146 253	(343 530)	-	-	-	2 374 510	(857 075)	(462 965)	207 161	-	-	(1 112 879)	1 261 631
Office equipment - Other	101 246	-	(11 092)	-	-	-	90 154	(42 562)	(11 911)	6 543	-	-	(47 930)	42 222
Audiovisual equipment	508 012	4 597	(3 200)	-	-	-	509 409	(205 423)	(63 609)	1 785	-	-	(267 247)	242 162
Air Conditioners	753 441	-	-	-	-	-	753 441	(337 997)	(92 280)	-	-	-	(430 277)	323 164
Sport and recreational equipment	415	-	-	-	-	-	415	(227)	(75)	-	-	-	(302)	113
	53 917 546	4 036 164	(648 718)	-	-	-	57 304 992	(8 049 166)	(4 005 840)	293 716	-	-	(11 761 290)	45 543 699

Appendix B

Analysis of property, plant and equipment as at 30 June 2014 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	127 900 902	4 785 315	(730 000)	-	-	64 019 143	195 975 360	(27 204 193)	(5 159 463)	-	-	-	(32 363 656)	163 611 703
Infrastructure	6 681 803 508	77 788 796	-	-	-	222 611 490	6 982 203 794	(2 467 450 310)	(142 857 606)	-	-	-	(2 610 307 916)	4 371 895 875
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	53 917 546	4 036 164	(648 718)	-	-	-	57 304 992	(8 049 166)	(4 005 840)	293 716	-	-	(11 761 290)	45 543 699
	6 864 053 956	86 610 275	(1 378 718)	-	-	286 630 633	7 235 916 146	(2 502 703 669)	(152 022 909)	293 716	-	-	(2 654 432 862)	4 581 483 277
Leased Assets														
Leased Assets	4 871 073	190 516	-	-	-	-	5 061 589	(1 328 337)	(1 521 539)	-	-	-	(2 849 876)	2 211 713
	4 871 073	190 516	-	-	-	-	5 061 589	(1 328 337)	(1 521 539)	-	-	-	(2 849 876)	2 211 713
Intangible assets														
Computers - software & programming	414 578	683 182	-	-	-	-	1 097 760	(159 834)	(100 222)	-	-	-	(260 056)	837 704
Servitude	13 991 354	-	-	-	-	-	13 991 354	(3 616 669)	(699 568)	-	-	-	(4 316 237)	9 675 117
	14 405 932	683 182	-	-	-	-	15 089 114	(3 776 503)	(799 790)	-	-	-	(4 576 293)	10 512 821
Investment properties														
Total														
Land and buildings	127 900 902	4 785 315	(730 000)	-	-	64 019 143	195 975 360	(27 204 193)	(5 159 463)	-	-	-	(32 363 656)	163 611 703
Infrastructure	6 681 803 508	77 788 796	-	-	-	222 611 490	6 982 203 794	(2 467 450 310)	(142 857 606)	-	-	-	(2 610 307 916)	4 371 895 875
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	53 917 546	4 036 164	(648 718)	-	-	-	57 304 992	(8 049 166)	(4 005 840)	293 716	-	-	(11 761 290)	45 543 699
Leased Assets	4 871 073	190 516	-	-	-	-	5 061 589	(1 328 337)	(1 521 539)	-	-	-	(2 849 876)	2 211 713
Intangible assets	14 405 932	683 182	-	-	-	-	15 089 114	(3 776 503)	(799 790)	-	-	-	(4 576 293)	10 512 821
	6 883 330 961	87 483 973	(1 378 718)	-	-	286 630 633	7 256 066 849	(2 507 808 509)	(154 344 238)	293 716	-	-	(2 661 859 031)	4 594 207 811

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2015 Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Disposals Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Administration	308 654	-	-	-	-	-	308 654	(133 600)	(43 475)	-	-	-	(177 075)	131 579
Budget & Treasury Office	35 158 762	179 949	-	(184 549)	-	-	35 154 162	(9 802 894)	(2 961 666)	-	-	58 508	(12 706 052)	22 448 110
Communication and Marketing	156 715	28 937	-	-	-	-	185 652	(79 999)	(22 933)	-	-	-	(102 932)	82 720
Community Services	266 398	-	-	(68 000)	-	-	198 398	(108 205)	(32 735)	-	-	39 518	(101 422)	96 976
Corporate Services	603 913	49 000	-	(15 689)	-	-	637 224	(221 708)	(81 691)	-	-	9 843	(293 556)	343 668
Disaster Management	5 370 453	25 150	-	(28 177)	-	-	5 367 426	(1 115 273)	(439 396)	-	-	17 867	(1 536 802)	3 830 624
Engineering Services	53 181 810	-	332 785 583	-	-	-	385 967 393	(13 669 082)	(2 278 778)	-	-	-	(15 947 860)	370 019 533
Fire Services	52 114 991	10 450	-	(35 962)	-	-	52 089 479	(11 925 425)	(3 066 529)	-	-	21 848	(14 970 106)	37 119 373
General Council	695 479	-	-	(6 849)	-	-	688 630	(58 211)	(31 082)	-	-	3 862	(85 431)	603 199
Human Resources Management	197 199	29 680	-	-	-	-	226 879	(67 860)	(38 879)	-	-	-	(106 739)	120 139
Internal Audit	386 285	6 599	-	-	-	-	392 884	(151 036)	(40 987)	-	-	-	(192 023)	200 861
Legal	38 746	-	-	-	-	-	38 746	(21 296)	(5 327)	-	-	-	(26 623)	12 123
Local Economic Development	99 586	10 450	-	-	-	-	110 036	(26 615)	(15 218)	-	-	-	(41 833)	68 203
Municipal Manager	350 455	-	-	(1 400)	-	-	349 055	(154 893)	(53 504)	-	-	878	(207 519)	141 536
Office of the Executive Mayor	893 331	-	-	-	-	-	893 331	(218 356)	(55 751)	-	-	-	(274 107)	619 223
Office of the Speaker	203 212	-	-	(7 169)	-	-	196 043	(84 452)	(31 971)	-	-	4 016	(112 407)	83 636
Planning and Development	15 147 847	40 130	-	(3 492)	-	-	15 184 485	(538 065)	(241 529)	-	-	2 425	(777 169)	14 407 315
Roads, Transport and Electricity	288 901	-	-	-	-	-	288 901	(77 278)	(13 011)	-	-	-	(90 289)	198 611
Water Services	6 803 973 475	32 080 590	-	-	-	-	6 836 054 065	(2 623 404 782)	(148 135 262)	-	-	-	(2 771 540 044)	4 064 514 020
	6 969 436 212	32 460 935	332 785 583	(351 287)	-	-	7 334 331 443	(2 661 859 030)	(157 589 724)	-	-	158 765	(2 819 289 989)	4 515 041 449
Municipal Owned Entities														
Total														
Municipality	6 969 436 212	32 460 935	332 785 583	(351 287)	-	-	7 334 331 443	(2 661 859 030)	(157 589 724)	-	-	158 765	(2 819 289 989)	4 515 041 449
	6 969 436 212	32 460 935	332 785 583	(351 287)	-	-	7 334 331 443	(2 661 859 030)	(157 589 724)	-	-	158 765	(2 819 289 989)	4 515 041 449

Appendix D

Segmental Statement of Financial Performance for the year ended
Prior Year **Current Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
-	36 780 808	(36 780 808)	Executive & Council/Mayor and Council	-	39 221 508	(39 221 508)
004 187 235	97 648 984	906 538 251	Finance & Admin/Finance	670 877 281	231 572 264	439 305 017
-	23 152 357	(23 152 357)	Planning and Development/Economic Development/Plan	-	8 038 770	(8 038 770)
-	3 178 677	(3 178 677)	Health/Clinics	-	2 762 933	(2 762 933)
-	5 248 824	(5 248 824)	Comm. & Social/Libraries and archives	-	4 685 947	(4 685 947)
-	38 234 689	(38 234 689)	Public Safety/Police	-	36 966 775	(36 966 775)
23 905 753	16 657 434	7 248 319	Waste Water Management/Sewerage	26 047 079	8 983 569	17 063 510
-	3 324 908	(3 324 908)	Road Transport/Roads	-	3 154 376	(3 154 376)
115 810 477	762 906 468	(647 095 991)	Water/Water Distribution	73 730 265	299 549 785	(225 819 520)
-	739 147	(739 147)	Electricity /Electricity Distribution	-	821 805	(821 805)
-	205 849 682	(205 849 682)	Other/Air Transport	-	23 472 580	(23 472 580)
143 903 465	193 721 978	(49 818 513)		770 654 625	659 230 312	111 424 313
Municipal Owned Entities Other charges						
143 903 465	193 721 978	(49 818 513)	Municipality	770 654 625	659 230 312	111 424 313
143 903 465	193 721 978	(49 818 513)	Total	770 654 625	659 230 312	111 424 313

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2015

	Current year 2012 Act. Bal.	Current year 2012 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	146 269 535	198 470 051	(52 200 516)	(26,3)	Non payment of services by consumers.
Interest received outstanding receivable	3 264 566	19 944 361	(16 679 795)	(83,6)	Poor collection of consumer debt by the LMs.
Other income	2 909 310	21 007 230	(18 097 920)	(86,2)	Non payment of the LNW debt by Ba-Phalaborwa for the historic debt which the district municipality has entered into contract LNW for re payment of debt..
Grants and Subsidies	666 607 183	610 966 993	55 640 190	9,1	
Interest received - investment	3 405 705	3 350 000	55 705	1,7	
	822 456 299	853 738 635	(31 282 336)	(3,7)	
Expenses					
Personnel	(251 047 876)	(263 567 318)	12 519 442	(4,7)	
Remuneration of councillors	(14 287 171)	(15 133 659)	846 488	(5,6)	
Regional Bulk Water Projects Expenditure	(13 564 075)	(44 915 000)	31 350 925	(69,8)	Insufficient RBHIG funds from DWAS.
Mopani Household Sanitation	(3 321 949)	(14 145 128)	10 823 179	(76,5)	Withheld of MIG funds by National Treasury.
Depreciation	(157 589 726)	(168 751 896)	11 162 170	(6,6)	
Finance costs	(461 993)	(650 000)	188 007	(28,9)	
Debt impairment	(2 776 708)	-	(2 776 708)	-	
Repairs and maintenance - General	(90 986 663)	(147 711 000)	56 724 337	(38,4)	The municipality experienced cash flow challenges in the first half of the financial year.
Bulk purchases	(186 532 674)	(85 065 653)	(101 467 021)	119,3	Payment of old invoices for servicing the historic debt f on the LNW Ba - Phalaborwa account.
Contracted Services	(11 836 974)	(11 765 551)	(71 423)	0,6	
General Expenses	(97 079 387)	(109 533 310)	12 453 923	(11,4)	The muniicpality experienced cash flow challenges in the first half of the financial year.
	(829 485 196)	(861 238 515)	31 753 319	(3,7)	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(177 017)	-	(177 017)	-	
	(177 017)	-	(177 017)	-	
Net surplus/ (deficit) for the year	(7 205 914)	(7 499 880)	293 966	(3,9)	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.