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JOE GQABI DISTRICT MUNICIPALITY
Annual financial statements for the year ended 30 June 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Joe Gqabi District Municipality is a district municipality performing the functions as set out in the Constitution. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (No. 117 of 1998)

JURISDICTION

The Joe Gqabi District Municipality includes the following areas:

Gariiep Local Municipality (Burgersdorp, Venterstad and Steynsburg)
Maletswai Local Municipality (Aliwal North and Jamestown)
Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes and Barkly East)
Elundini Local Municipality (Maclear, Ugjie and Mount Fletcher)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Z I Dumzela	
Speaker	N P Mposelwa	
Councillor	B Salman	Portfolio head: Financial Services
Councillor	T Z Notyeke	Portfolio head: Technical Services
Councillor	N Ngubo	Portfolio head: Corporate Services
Councillor	D D Mvumvu	Portfolio head: Community Services

MUNICIPAL MANAGER

Mr Z A Williams

ACTING CHIEF FINANCIAL OFFICER

Ms S du Toit

OTHER DIRECTORS

Mr R J Fortuin	- Director: Technical Services
Ms F J Sephton	- Director: Community Services
Mr H Z Jantjie	- Director: Corporate Services
Ms N Mshumi	- Chief Operations Officer
Mr Dlusawana	- Manager Water Service provider

REGISTERED OFFICE

P/Bag X102	C/o Cole and Graham Street
Barkly East	Barkly East
9786	9786

JOE GQABI DISTRICT MUNICIPALITY
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GENERAL INFORMATION

AUDITORS

Office of the Auditor General (EC)
Vincent
East London

ATTORNEYS

MI Ntshiba & Associates
Mthatha
5099

Smith Tabata Attorneys
King Williams Town
5601

Clark Laing Inc
East London
5241

Mjululwa Hlalukana Attorneys
Mthatha
5099

Peyper Attorneys
Bloemfontein
9301

Kirchmanns Incorporated
East London
5241

PRINCIPAL BANKERS

ABSA
P O Box 323
Bloemfontein
9300

AUDIT COMMITTEE

J Emslie	- Chairperson
P G Du Toit	- Member
F K P Ntlemeza	- Member
P Ntisana	- Member

RELEVANT LEGISLATION

Abattoir Hygiene Act 121 of 1992
Arbitration Act 42 of 1965
Basic Conditions of Employment Act 75 of 1997
Black Authorities Service Pension Act 53 of 2003
Broad Based Black Economic Empowerment Act 53 of 2003
Business Act 71 of 1991
Communal Property Associations Act 28 of 1998
Community Development Act 3 of 1996
Constitution of the Republic of South Africa Act, 1996
Deeds Registries Act 47 of 1937
Development Bank of Southern Africa Act 13 of 1997
Development Facilitation Act 67 of 1995

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GENERAL INFORMATION

RELEVANT LEGISLATION (CONTINUED)

Disaster Management Act 57 of 2002
Division of Revenue Act 3 of 2016
Electoral Act 73 of 1998
Electoral Commission Act 51 of 1996
Electricity Act 41 of 1987
Employment Equity Act 55 of 1998
Environment Conservation Act 73 of 1989
Eskom Act 40 of 1987
Expropriation Act 63 of 1975
Financial and Fiscal Commission Act 99 of 1997
Fire Brigade Services Act 99 of 1987
Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972
Formalities in respect of Leases of Land Act 18 of 1969
Hazardous Substances Act 15 of 1973
Independent Commission for the Remuneration of Public office-bearers Act 92 of 1997
Institution of Legal Proceedings against certain Organs of State Act 40 of 2002
Intergovernmental Fiscal Relations Act 97 of 1997
Intergovernmental Relations Framework Act 13 of 2005
Interim Protection of Informal Lands Rights Act 31 of 1996
Labour Relations Act 66 of 1995
Land Survey Act 8 of 1997
Less Formal Township Establishment Act 113 of 1991
Local Authorities Loans Fund Act 67 of 1984
Local Government: Municipal Demarcation Act 27 of 1998
Local Government: Municipal Electoral Act 27 of 2000
Local Government: Municipal Finance Management Act 56 of 2003
Local Government: Municipal Property Rates Act 6 of 2004
Local Government: Municipal Structures Act 117 of 1998
Local Government: Municipal Systems Act 32 of 2000
Local Government: Transition Act 209 of 1993
National and Records Services of South Africa Act 43 of 1996
National Building Regulation and Building Standards Act 103 of 1977
National Environmental Management: Air Quality Act 39 of 2004
National Environmental Management: Biodiversity Act 10 of 2004
National Environmental Management: Protected Areas Act 57 of 2003
National Veld and Forest Fire Act 101 of 1998
National Water Act 36 of 1998
National Health Act of 1997
Occupational Health and Safety Act and Regulation 85 of 1993
Organised Local Government Act 52 of 1997
Pension Benefits for Councillors of Local Authorities Act 105 of 1987
Pension Funds Act 25 of 1956
Preferential Procurement Policy Framework Act 5 of 2000
Prescription Act 18 of 1943
Prescription Act 68 of 1969
Prevention and Combating of Corrupt Activities Act

JOE GQABI DISTRICT MUNICIPALITY
Annual financial statements for the year ended 30 June 2016

GENERAL INFORMATION

RELEVANT LEGISLATION (CONTINUED)

Prevention of Illegal Eviction from an Unlawful Occupation of Land Act 19 of 1998
Promotion of Access to Information Act 2 of 2000
Promotion of Administrative Justice Act 3 of 2000
Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
Protected Disclosures Act 26 of 2000
Public Audit Act 25 of 2004
Re-Determination of the Boundaries of Cross-Boundary Municipality Act 6 of 2005
Reconstruction and Development Programme Fund Act 7 of 1994
Regional Services Councils Act 109 of 1985
Regulation of Gatherings Act 205 of 1993
Removal of Restrictions Act 84 of 1967
Remuneration of Public Office Bearers Act 20 of 1998
Skills Development Act 97 of 1998
Skills Development Levies Act 9 of 1999
South African National Roads Agency Limited and National Roads Act 7 of 1998
Tobacco Products Control Act 83 of 1993
Traditional Leadership and Governance Framework Act 41 of 2003
Transfer of Staff to Municipalities Act 17 of 1998
Unemployment Insurance Act 63 of 2001
United Municipal Executive (Pension) Act 12 of 1958
Value Added Tax, 1991
Water Services Act 108 of 1997

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL

PROPORTIONAL ELECTED COUNCILLORS

Executive Mayor	Z I Dumzela
Speaker	N P Mposelwa
Councillors: JGDM	S Mei V Mbulawa D F Hartkopf B Salman X G Motloi N Ngubo L N Gova N F Mphithi

REPRESENTATIVE COUNCILLORS

Senqu Local Municipality	M W Mpelwane I Mosisidi A Kwinana G Mvunyiswa L Tokwe I van der Walt (deceased) NY Monakali (replaced cllr I van der Walt)
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JOE GQABI DISTRICT MUNICIPALITY
Annual financial statements for the year ended 30 June 2016

GENERAL INFORMATION

Elundini Local Municipality	L S Baduza G M Moni SPMS Leteba D D Mvumvu L Pili
Maletswai Local Municipality	N S Mathetha S E Mbana
Gariiep Local Municipality	T Z Notyeke

JOE GQABI DISTRICT MUNICIPALITY
Annual financial statements for the year ended 30 June 2016

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements period ended 30 June 2016, which are set out on pages 1 to 105 in terms of Section 126 (1) of the Municipal Finance Management Act (No. 56 of 2003) and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Municipality's financial statements.

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

Mr Z A Williams
Municipal Manager

Date

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Note	2016 R	2015 R
NET ASSETS AND LIABILITIES			
Net assets		1 440 412 429	1 270 884 781
Accumulated Surplus		1 440 412 429	1 270 884 781
Non-current liabilities from Exchange Transactions		12 613 456	15 966 661
Long-term Liabilities	2	12 613 456	15 966 661
Non-current liabilities		35 216 636	31 819 745
Employee benefits	3	35 216 636	31 819 745
Current-liabilities		22 909 255	22 315 619
Current employee benefits	4	22 909 255	22 315 619
Current-liabilities from exchange transactions		84 047 494	84 924 212
Consumer deposits	5	890 255	868 694
Payables from exchange transactions	6	76 212 553	80 841 116
South African Revenue Services	8	3 589 634	-
Current portion of long-term liabilities	2	3 355 052	3 214 402
Current-liabilities from non-exchange transactions		1 016 167	23 718 061
Unspent conditional government grants and receipts	7	1 016 167	23 718 061
Total net assets and liabilities		1 596 215 438	1 449 629 079
ASSETS			
Non-current assets		1 499 345 367	1 366 838 093
Property, plant and equipment	9	1 492 157 309	1 359 174 355
Investment property	10	2 533 755	2 575 461
Intangible assets	11	1 349 221	1 798 866
Non-current investment	12	3 305 081	3 289 411
Current assets		5 599 386	37 683 223
Inventory	13	3 177 840	3 891 214
Cash and Cash Equivalents	15	2 421 545	33 792 009
Current assets from exchange transactions		59 995 623	30 699 070
Receivables from exchange transactions	14	59 995 623	25 653 851
South African Revenue Services	8	-	5 045 219
Current assets from non-exchange transactions		31 275 063	14 408 693
Unpaid conditional government grants and receipts	7	31 275 063	14 408 693
Total assets		1 596 215 438	1 449 629 079

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 R	2015 - Restated R	2015 - Correction R	2015 - Audited R
REVENUE					
Revenue from non-exchange transactions		530 901 175	443 666 995	-	443 666 995
Transfer revenue		528 573 073	441 500 025	-	441 500 025
Government grants and subsidies - capital	16	203 356 888	129 947 364	-	129 947 364
Government grants and subsidies - operational	16	325 216 185	311 552 662	-	311 552 662
Public contributions and donations		-	-	-	-
Transfer of function		-	-	-	-
Other revenue		2 328 102	2 166 970	-	2 166 970
Foreign exchange gains	17	-	-	-	-
Actuarial gains	18	2 328 102	2 166 970	-	2 166 970
Reversal of impairments	19	-	-	-	-
Revenue from exchange transactions		123 251 064	98 300 868	-	98 300 872
Service charges	20	103 041 016	83 995 491	-	83 995 495
Government services	21	9 316 963	4 248 864	-	4 248 864
Interest earned - external investments	22	4 299 962	3 900 795	-	3 900 795
Interest earned - outstanding debtors	23	5 347 462	5 808 469	-	5 808 469
Other income	24	1 245 660	347 249	-	347 249
Total Revenue		654 152 238	541 967 863	-	541 967 867
EXPENDITURE					
Employee related costs	25	163 740 422	153 126 238	-	153 126 238
Remuneration of Councillors	26	5 309 512	5 266 072	-	5 266 072
Debt impairment	27	70 896 695	74 777 017	-	74 777 017
Impairments	28	290 493	-	-	-
Foreign exchange loss	17	-	23 783	-	23 783
Depreciation and Amortisation	29	46 199 298	44 239 826	-	44 239 826
Repairs and maintenance	30	6 258 203	16 042 311	647 418	15 394 893
Finance charges	31	5 735 402	5 504 319	502 473	5 001 847
Contracted services	32	15 138 059	20 934 522	-	20 934 522
Bulk purchases	33	988 976	3 383 705	380 039	3 003 666
Grants and subsidies paid	34	4 999 777	2 786 740	-	2 786 740
Inventory adjustments		-5 230	-10 409	-	-10 409
Operating grant expenditure	35	83 407 790	77 824 552	-	77 824 552
Emergency drought relief		840 345	4 539 939	-	4 539 939
General Expenditure	36	80 168 127	77 830 958	339 830	77 491 128
Loss on disposal of Property, plant and equipment	37	656 721	4 228 506	-	4 228 506
Total Expenditure		484 624 590	490 498 080	1 869 760	488 628 320
SURPLUS/(DEFICIT) FOR THE YEAR		169 527 648	51 469 783	-1 869 760	53 339 547

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R
	Accumulated Surplus
Balance at 1 July 2014	1 219 415 002
Correction of error restatement - note	-
Rounding	-4
Restated balance at 1 July 2014	1 219 414 998
Net Surplus/(Deficit) for the year	51 469 783
Balance at 30 June 2015	1 270 884 781
Net Surplus/(Deficit) for the year	169 527 648
Balance at 30 June 2015	1 440 412 429

JOE GQABI DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 R	2015 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		534 054 190	436 161 027
Service charges and other		44 999 683	5 409 121
Government grants		489 054 507	430 751 907
Payments		(385 123 762)	(339 591 040)
Suppliers		(223 722 642)	(180 498 025)
Employees		(161 401 120)	(159 093 015)
Cash generated from/(utilised in) operations		148 930 428	96 569 987
Interest received		4 299 962	9 709 264
Interest paid		(1 756 073)	(851 895)
Net cash from operating activities	39	151 474 318	105 427 356
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Capital Assets		(179 638 118)	(127 026 288)
(Increase)/decrease of other assets		(15 670)	-
Net cash from investing activities		(179 653 788)	(127 026 288)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in consumer deposits		21 560	34 141
Proceeds/(repayment) of finance lease liability		(1 917 267)	12 579 113
Proceeds/(repayment) of other long-term liabilities		(1 295 285)	4 554 734
Total Expenditure		(3 190 991)	17 167 988
Net increase/(decrease) in cash and cash equivalents		(31 370 461)	(4 430 944)
Cash and cash equivalents at the beginning of the year		33 792 009	38 222 954
Cash and cash equivalents at the end of the year	15	2 421 545	33 792 009

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2016

	ORIGINAL BUDGET R	ADJUSTMENT AND VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Total current assets	87 349 989	(49 202 056)	38 147 934	96 870 072	58 722 138
Total non-current assets	1 479 021 168	2 957 587	1 481 978 755	1 499 345 367	17 366 611
Total current liabilities	36 770 000	19 730 853	56 500 853	107 972 917	51 472 064
Total non-current liabilities	72 173 000	1 639 745	73 812 745	12 613 456	(61 199 289)
Total Net Assets	1 675 314 157	(24 873 870)	1 650 440 287	1 716 801 810	66 361 523

STATEMENT OF FINANCIAL PERFORMANCE

Revenue					
Government Grants and Subsidies - Capital	238 814 000	3 500 000	242 314 000	203 356 888	(38 957 112)
Government Grants and Subsidies - Operating	340 556 000	-	340 556 000	325 216 185	(15 339 815)
Actuarial Gains	-	-	-	2 328 102	2 328 102
Service Charges	62 280 584	-	62 280 584	103 041 016	40 760 432
Government Services	10 854 400	4 184 221	15 038 621	9 316 963	(5 721 658)
Interest Earned - External Investments	6 072 072	-	6 072 072	4 299 962	(1 772 110)
Interest Earned - Outstanding Debtors	-	-	-	5 347 462	5 347 462
Other Income	2 052 220	-	2 052 220	1 245 660	(806 560)
Total Revenue	660 629 276	7 684 221	668 313 497	654 152 238	(14 161 259)
Expenditure					
Employee Related Costs	179 962 911	(865 331)	179 097 580	163 740 422	(15 357 158)
Remuneration of Councillors	6 030 580	-	6 030 580	5 309 512	(721 068)
Debt Impairment	19 582 685	-	19 582 685	70 896 695	51 314 010
Impairments	-	-	-	290 493	290 493
Depreciation and Amortisation	47 867 476	-	47 867 476	46 199 298	(1 668 178)
Repairs and Maintenance	9 451 018	-	9 451 018	6 258 203	(3 192 815)
Finance Charges	2 293 887	-	2 293 887	5 735 402	3 441 515
Contracted services	36 592 187	(9 685 142)	26 907 045	15 138 059	(11 768 986)
Bulk Purchases	10 479 853	(6 400 000)	4 079 853	988 976	(3 090 877)
Grants and Subsidies Paid	26 315 790	(7 100 000)	19 215 790	4 999 777	(14 216 013)
Inventory Adjustments	-	-	-	(5 230)	(5 230)
Operating Grant Expenditure	59 194 086	23 119 613	82 313 699	83 407 790	1 094 091
Emergency Drought Relief	1 280 000	-	1 280 000	840 345	(439 655)
General Expenses	68 603 937	18 214 458	86 818 395	80 168 127	(6 650 268)
Loss on disposal of Property, Plant and Equipment	-	-	-	656 721	656 721
Total Expenditure	467 654 410	17 283 598	484 938 008	484 624 590	(313 418)
Net surplus for the year	192 974 866	(9 599 377)	183 375 489	169 527 648	(13 847 841)

CASH FLOW STATEMENT

Net Cash Flow from Operating Activities	229 066 022	(43 441 653)	185 624 369	151 474 318	(34 150 051)
Net Cash Flow from Investing Activities	(234 660 932)	9 649 123	(225 011 809)	(179 653 788)	45 358 021
Net Cash Flow from Financing Activities	21 399 000	-	21 399 000	(3 190 991)	(24 589 991)
Net increase/(decrease) in cash and cash equivalents	15 804 090	(33 792 530)	(17 988 440)	(31 370 461)	(13 382 021)

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2016

OPERATING EXPENDITURE BY VOTE

Management Services	37 830 698	1 693 199	39 523 897	40 252 595	728 698
Financial Services	66 297 279	3 047 669	69 344 948	69 020 953	(323 995)
Corporate Services	47 137 366	777 973	47 915 339	47 299 091	(616 248)
Technical Services	263 986 049	13 711 220	277 697 269	277 597 521	(99 748)
Community Services	52 403 018	(1 946 463)	50 456 555	50 454 428	(2 127)
	467 654 410	17 283 598	484 938 008	484 624 589	(313 419)

CAPITAL EXPENDITURE BY VOTE

Management Services	-	-	-	-	-
Financial Services	200 000	-	200 000	-	(200 000)
Corporate Services	2 475 200	(100 000)	2 375 200	471 159	(1 904 041)
Technical Services	226 985 732	(9 549 123)	217 436 609	179 166 954	(38 269 655)
Community Services	5 000 000	-	5 000 000	-	(5 000 000)
	234 660 932	(9 649 123)	225 011 809	179 638 113	(19 463 476)

Refer to note 55 for explanations of material variances between the original and final budget.

Refer to note 55.02 for explanations of material variances between actual amounts and the final budget.

Material variances are considered to be any variances greater than R4 million.

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

2	LONG-TERM LIABILITIES	2016 R	2015 R
	Annuity Loans - At amortised cost	15 968 508	19 181 062
	Less: Current Portion transferred to Current Liabilities	3 355 052	3 214 402
	Total - At amortised cost using the effective interest rate method	12 613 456	15 966 661
	Balance previously reported		18 678 589
	Correction of error - Vehicle lease portion understated with the interest amount		502 473
	New Balance		19 181 062

Annuity loans at amortised cost are calculated at 10.00% - 11.52% interest rate, with the first maturity date of 30 June 2016 and the last maturity date of 31 December 2024. The loans are for the main municipal building in Barkly East, water meters and sanitation infrastructure. A new finance lease was taken up with ABSA for twenty five (25) bakkies and three (3) TLB's in the water service department and the period is 3 years only.

Included in Non-current Investments as per note is an amount of R1 301 340 (2014 - R1 301 340) held as guarantee by the DBSA.

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year	2 294 166	2 457 530
Payable within two to five years	7 851 348	9 176 663
Payable after five years	3 390 976	4 359 826
	13 536 489	15 994 020
Less: Future finance obligations	(4 177 565)	(5 339 810)
Present value of annuity obligations	9 358 925	10 654 209

The obligations under finance leases are scheduled below:

Amounts payable under annuity loans:

Payable within one year	2 549 315	2 549 315
Payable within two to five years	4 605 973	7 155 287
Payable after five years	-	-
	7 155 287	9 704 602
Less: Future finance obligations	(545 704)	(1 177 749)
Present value of annuity obligations	6 609 583	8 526 853

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
3	EMPLOYEE BENEFITS		
	Post Retirement Medical Obligations - refer to note 3,1	30 876 776	27 568 916
	Ex Gratia Gratuities - refer to note 3,2	223 531	226 041
	Long Service Awards - refer to note 3,3	4 116 329	4 024 788
	Total Non-current Employee Benefit Liabilities	35 216 636	31 819 745
	 <u>Post Retirement Medical Obligations</u>		
	Balance 1 July	28 712 000	26 042 591
	Contribution for the year	5 933 289	5 782 683
	Expenditure for the year	(963 470)	(955 643)
	Actuarial (Gain)	(1 515 799)	(2 157 631)
	Total post retirement medical obligation 30 June	32 166 020	28 712 000
	Less: Transfer of current portion to Current Employee Benefits - note 4	(1 289 244)	(1 143 084)
	Balance 30 June	30 876 776	27 568 916
	 <u>Ex Gratia Gratuities</u>		
	Balance 1 July	389 945	438 929
	Contribution for the year	90 722	37 720
	Expenditure for the year	(118 423)	(21 586)
	Actuarial Gain	54 270	(65 118)
	Total ex gratia provision 30 June	416 514	389 945
	Less: Transfer of current portion to Current Employee Benefits - note 4	(192 983)	(163 904)
	Balance 30 June	223 531	226 041

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<u>Long Service Awards</u>		
Balance 1 July	4 830 341	4 391 168
Contribution for the year	1 112 432	983 127
Expenditure for the year	(360 520)	(599 734)
Actuarial (Gain)/Loss	(866 573)	55 780
Total long service 30 June	4 715 680	4 830 341
Less: Transfer of current portion to Current Employee Benefits - note 4	(599 351)	(805 553)
Balance 30 June	4 116 329	4 024 788

TOTAL EMPLOYEE BENEFITS

Balance 1 July	33 932 286	30 872 688
Contribution for the year	7 136 443	6 803 530
Expenditure for the year	(1 442 413)	(1 576 962)
Actuarial (Gain)	(2 328 102)	(2 166 970)
Total employee benefits 30 June	37 298 214	33 932 286
Less: Transfer of current portion to Current Employee Benefits - note 4	(2 081 578)	(2 112 541)
Balance 30 June	35 216 636	31 819 745

3,1 Post Retirement Medical Obligations

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

In-service (employee) members	175	168
Continuation members (e.g. Retirees, widows, orphans)	33	32
Total Members	208	200

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

Bonitas
LA Health
Hosmed
SAMWU Medical Aid

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 %	2015 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	9,11	9,02
Health Care Cost Inflation Rate	8,22	8,18
Net Effective Discount Rate	0,82	0,78

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age.

iii) Normal retirement age

The normal retirement age for employees of the Municipality is:

Male : 63 years
Female: 58 years

	In-Service Members R	Continuation Members R	Present value of fund obligations R
The liability in respect of past service recognised in the Statement of Financial Position is as follows:			
30 June 2016	21 320 577	10 845 443	32 166 020
30 June 2015	19 080 662	9 631 382	28 712 044
30 June 2014	16 280 000	9 762 591	26 042 591
30 June 2013	13 959 000	9 893 475	23 852 475
30 June 2012	7 546 000	10 067 224	17 613 224
30 June 2011	5 027 000	9 387 811	14 414 811

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2016	293 000	
30 June 2015	(875 000)	-
30 June 2014	2 068 000	-
30 June 2013	5 866 000	-
30 June 2012	815 000	-
30 June 2011	(4 109 000)	-

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	28 712 000	26 042 591
Total contributions	4 969 819	4 827 040
Current service cost	2 413 038	2 541 768
Interest Cost	3 520 251	3 240 915
Benefits Paid	(963 470)	(955 643)
Actuarial (Gain)/Loss	(1 515 799)	(2 157 631)
Present value of fund obligation at the end of the year	32 166 020	28 712 000
Less: Transfer of current portion to Current Employee Benefits - note 4	(1 289 244)	(1 143 084)
Balance 30 June	30 876 776	27 568 916

Sensitivity Analysis on the Current-service and Interest Costs:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		2 413 000	3 520 300	5 933 300	
Health care inflation	+1%	3 024 000	4 131 300	7 155 300	21%
Health care inflation	-1%	1 943 900	3 029 900	4 973 800	-16%
Discount rate	+1%	1 968 600	3 373 900	5 342 500	-10%
Discount rate	-1%	2 997 400	3 674 500	6 671 900	12%
Post-retirement mortality	-1 year	2 499 500	3 663 700	6 163 200	4%
Average retirement age	-1 year	2 603 800	3 761 800	6 365 600	7%
				2016	2015
				%	%

3,2 Ex Gratia Gratuities

The Ex Gratia Gratuities plans are defined benefit plans. As at year end 39 employees (2013 - 46) were eligible for Ex Gratia Gratuities.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	9,37	7,97
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The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Present value of fund obligations
The liability in respect of past service recognised in the Statement of Financial Position is as follows:	
30 June 2016	416 515
30 June 2015	389 945
30 June 2014	438 929
30 June 2013	458 511
30 June 2012	524 447
30 June 2011	516 817

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	2016 R	2015 R
	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R

Experience adjustments were calculated as follows:

30 June 2016	69 127	
30 June 2015	112 184	-
30 June 2014	(7 526)	-
30 June 2013	76 238	-
30 June 2012	91 931	-
30 June 2011	23 956	-

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	389 945	438 929
Total contributions	(27 701)	16 134
Current and past service cost	66 061	11 028
Interest Cost	24 661	26 692
Benefits Paid	(118 423)	(21 586)
Actuarial (Gain)	54 270	(65 118)
Present value of fund obligation at the end of the year	416 514	389 945
Less: Transfer of current portion to Current Employee Benefits - note 4	(192 983)	(163 904)
Present value of fund obligation at the end of the year	223 531	226 041

The liability is unfunded.

**JOE GQABI DISTRICT MUNICIPALITY
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Sensitivity Analysis on the Current-service and Interest Costs:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		-	24 661	24 661	
Discount Rate	+1%	-	26 879	26 879	9%
Discount Rate	-1%	-	22 293	22 293	-10%
Average retirement age	-1 year	-	24 456	24 456	-1%

3.3 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. Long service awards were calculated for 488 employees (2014 - 502), but they are not all eligible for payment in the same year.

Key actuarial assumptions used:

i) Rate of interest

	2016	2015
	%	%
Discount rate	8,37	7,78
General Salary Inflation (long-term)	7,04	6,96
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1,24	0,77

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

The liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Present value of fund obligations
	R
30 June 2016	4 715 680
30 June 2015	4 830 341
30 June 2014	4 391 167
30 June 2013	3 865 395
30 June 2012	2 735 251
30 June 2011	1 871 614

**JOE GQABI DISTRICT MUNICIPALITY
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The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	2016 R	2015 R
	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2016	(740 579)	
30 June 2015	577 526	
30 June 2014	54 616	-
30 June 2013	762 433	-
30 June 2012	325 639	-
30 June 2011	(82 814)	-
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	4 830 341	4 391 168
Total contributions	751 912	383 393
Current service cost	767 171	690 301
Interest Cost	345 261	292 826
Benefits Paid	(360 520)	(599 734)
Actuarial Loss/(Gain)	(866 573)	55 780
Present value of fund obligation at the end of the year	4 715 680	4 830 341
Less: Transfer of current portion to Current Employee Benefits - note 4	(599 351)	(805 553)
Balance 30 June	4 116 329	4 024 788

The liability is unfunded.

Sensitivity Analysis on the Current-service and Interest Costs:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		767 200	345 300	1 112 500	
General salary inflation	+1%	819 200	364 800	1 184 000	6%
General salary inflation	-1%	719 200	327 200	1 046 400	-6%
Discount rate	+1%	723 400	367 700	1 091 100	-2%
Discount rate	-1%	816 000	319 700	1 135 700	2%
Average retirement age	-2 years	711 700	312 500	1 024 200	-8%
Average retirement age	+2 years	815 700	369 000	1 184 700	6%
Withdrawal Rate	-50%	975 100	412 600	1 387 700	25%

**JOE GQABI DISTRICT MUNICIPALITY
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3,4 Retirement Funds

The Cape Retirement Fund is a multi-employer plan. This means that there are multiple local authorities that participate in this fund. In terms of GRAP 25, a multi-employer plan is defined as defined benefit plans. GRAP 25 also states that when insufficient information is available to use defined benefit accounting for a multi-employer plan, a Municipality will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Fund's assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data is confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Retirement Fund is defined as a defined benefit plan, it will be accounted for as a defined contribution plan.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund was in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).

Contributions paid recognised in the Statement of Financial Performance

	2016	2015
	R	R
	8 687 870	7 035 588

DEFINED CONTRIBUTION FUNDS

Council contributes to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund, SAMWU National Provident Fund and SALA Pension fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	658 432	699 120
Municipal Councillors Pension Fund	419 562	392 931
IMATU Retirement Fund	24 959	23 491
SAMWU National Provident Fund	2 727 685	2 647 174
SALA Pension Fund	1 353 323	1 227 846
	5 183 960	4 990 563

**JOE GQABI DISTRICT MUNICIPALITY
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	2016 R	2015 R
4 CURRENT EMPLOYEE BENEFITS		
Staff Bonuses Accrued	4 427 358	4 418 437
Provision for Staff Leave	11 450 111	12 430 339
Provision for Performance Bonuses	4 427 359	2 920 609
Other Provisions	522 849	433 693
Current Portion of Non-Current Employee Benefits	2 081 578	2 112 541
Current Portion of Post Retirement Benefits - note 3	1 289 244	1 143 084
Current Portion of Ex Gratia Gratuities - note 3	192 983	163 904
Current Portion of Long-Service Awards - note 3	599 351	805 553
Total Current Employee Benefits	22 909 255	22 315 619

The movement in current employee benefits is reconciled as follows:

Staff Bonuses Accrued

Balance at beginning of year	4 418 437	3 828 927
Contribution to current portion	8 425 033	8 211 420
Expenditure incurred	(8 416 111)	(7 621 910)
Transfer of function from Local Municipalities - note 18	-	-
Balance at end of year	4 427 358	4 418 437

Bonuses are being paid to all municipal staff, excluding Directors Technical Services and Community Services who have structured their packages differently. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. This bonus will be paid out in November of each year or pro-rata when employment is terminated.

Provision for Staff Leave

Balance at beginning of year	12 430 338	9 477 787
Contribution to current portion	416 982	4 547 929
Expenditure incurred	(1 397 209)	(1 595 378)
Balance at end of year	11 450 111	12 430 338

Staff leave is accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance Bonuses

Balance at beginning of year	2 920 609	2 162 028
Contribution to current portion	1 506 750	2 136 073
Expenditure incurred	-	(1 377 492)
Balance at end of year	4 427 359	2 920 609

Performance bonuses are being provided for and only paid to the Municipal Manager, Directors and middle management after an evaluation of performance by the council.

Other Provisions

Balance at beginning of year	433 693	383 818
Finance charges	89 156	49 875
Expenditure incurred	-	-
Balance at year end	522 849	433 693

Other provisions are non-recurring provisions which consists out of the following at year end:

Shortfall in annual earnings of Cape Joint Pension Fund

It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

5 CONSUMER DEPOSITS

Water	890 255	868 694
Total Consumer Deposits	890 255	868 694

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
6 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	66 140 622	72 217 829
Interest Accrued	300 959	339 177
Other Payables	101 514	101 514
Unallocated Receipts	56 089	29 102
Payments received in advance	4 662 102	3 202 226
Local Municipalities	4 951 267	4 951 267
Senqu Local Municipality	4 951 267	4 951 267
Total Payables from Exchange Transactions	76 212 553	80 841 116
Balance previously reported - Trade Payables		79 336 976
Correction due to invoices received during 2015/2016 - Trade payables		1 504 140
Restated balance		80 841 116

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	1 016 165	23 718 061
National Government Grants	1 002 558	23 688 598
Provincial Government Grants	13 607	29 463
Other Grant Providers	-	-
Less: Unpaid Grants	(31 275 063)	(14 408 693)
National Government Grants	(16 270 106)	(12 142 345)
Provincial Government Grants	(14 990 342)	(2 023 388)
Other Grant Providers	(14 616)	(242 960)
Total Conditional Grants and Receipts	-30 258 897	9 309 368

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

8 SOUTH AFRICAN REVENUE SERVICES

VAT Receivable	5 324 698	5 038 615
VAT Payable	-	-
VAT Input in Suspense	17 583 581	9 827 418
VAT Output in Suspense - net	(26 497 914)	(9 820 814)
VAT Output in Suspense	(32 614 737)	(15 937 638)
Less: VAT on Provision for Debt Impairment	6 116 823	6 116 823
Total South African Revenue Services	(3 589 634)	5 045 219

Disclosed as follow:

Current Liabilities from Exchange Transactions	(3 589 634)	-
Current Assets from Exchange Transactions	-	5 045 219
	(3 589 634)	5 045 219

Reconciliation of VAT on Provision for Debt Impairment

Opening balance	6 116 823	4 380 222
Debt Impairment for current year - note 27	-	1 736 601
Closing balance	6 116 823	6 116 823

**JOE GQABI DISTRICT MUNICIPALITY
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9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2016

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation					Carrying Value		
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Impairment		Disposals	Closing Balance
	R	R		R	R	R	R		R			R	R
Land and Buildings	17 682 048	-	-	-	-	17 682 048	4 773 883	-	584 076		-	5 357 959	12 324 090
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	-	2 043 000
Buildings	15 639 048	-	-	-	-	15 639 048	4 773 883	-	584 076		-	5 357 959	10 281 090
Infrastructure	1 591 683 127	179 166 959	-	(940 923)	-	1 769 909 163	269 747 585	-	41 058 379		(660 407)	310 145 557	1 459 763 606
Sewerage network	321 278 200	-	-	-	939 728	322 217 928	62 564 209	-	9 707 858		-	72 272 067	249 945 861
Water network	1 017 693 712	-	-	(940 923)	91 389 109	1 108 141 897	207 183 376	-	31 350 521		(660 407)	237 873 491	870 268 407
Work in Progress	252 711 215	179 166 959	-	-	(92 328 836)	339 549 338	-	-	-		-	-	339 549 338
Other Assets	42 863 580	471 159	-	(1 100 817)	-	42 233 922	18 532 932	-	4 065 494	290 493	(724 611)	22 164 309	20 069 613
Office Equipment	2 286 984	12 800	-	-	-	2 299 784	1 443 577	-	206 629		-	1 650 206	649 577
Furniture & Fittings	3 478 425	217 919	-	-	-	3 696 344	2 523 667	-	144 296		-	2 667 963	1 028 381
Motor Vehicles	17 030 367	-	-	(450 067)	-	16 580 300	5 025 633	-	2 341 009	290 493	(116 214)	7 540 922	9 039 378
Fire Engines	8 924 094	-	-	-	-	8 924 094	5 497 001	-	695 205		-	6 192 206	2 731 888
Computer Equipment	3 279 552	173 916	-	(540 961)	-	2 912 507	1 636 581	-	141 271		(529 295)	1 248 557	1 663 949
Special Vehicles	4 850 274	-	-	(109 789)	-	4 740 485	1 073 283	-	392 143		(79 102)	1 386 323	3 354 162
Tools and Equipment	3 013 884	66 525	-	-	-	3 080 408	1 333 191	-	144 940		-	1 478 131	1 602 277
	1 652 228 756	179 638 118	-	(2 041 740)	-	1 829 825 134	293 054 400	-	45 707 949	290 493	(1 385 017)	337 667 825	1 492 157 309

There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There has been an impairment identified for Property, Plant and Equipment to the value of R290 493. No Property, Plant and Equipment are pledged as security for liabilities.

There has been no change in the method of depreciation and it is consent with the prior year.

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

30 JUNE 2015

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals	Closing Balance	
	R	R		R	R	R	R		R	R	R	
Land and Buildings	17 682 048	-	-	-	-	17 682 048	4 191 402	-	582 480	-	4 773 883	12 908 166
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 639 048	-	-	-	-	15 639 048	4 191 402	-	582 480	-	4 773 883	10 865 166
Infrastructure	1 491 040 280	114 374 304	-	(13 731 457)	-	1 591 683 127	239 630 382	-	39 692 533	(9 575 330)	269 747 585	1 321 935 542
Sewerage network	290 131 424	-	-	(3 167 192)	34 313 968	321 278 200	54 597 107	-	9 453 240	(1 486 138)	62 564 209	258 713 992
Water network	945 048 087	-	-	(10 564 265)	83 209 891	1 017 693 712	185 033 275	-	30 239 293	(8 089 192)	207 183 376	810 510 336
Work in Progress	255 860 769	114 374 304	-	-	(117 523 858)	252 711 215	-	-	-	-	-	252 711 215
Other Assets	30 550 874	12 557 966	-	(245 260)	-	42 863 580	15 195 572	-	3 510 241	(172 880)	18 532 932	24 330 647
Office Equipment	2 144 783	145 839	-	(3 639)	-	2 286 984	1 209 820	-	234 142	(385)	1 443 577	843 406
Furniture & Fittings	3 105 068	374 917	-	(1 559)	-	3 478 425	2 316 961	-	208 098	(1 392)	2 523 667	954 758
Motor Vehicles	7 333 917	9 875 798	-	(179 347)	-	17 030 367	3 489 919	-	1 685 954	(150 240)	5 025 633	12 004 734
Fire Engines	8 924 094	-	-	-	-	8 924 094	4 803 526	-	693 475	-	5 497 001	3 427 093
Computer Equipment	2 350 127	975 315	-	(45 890)	-	3 279 552	1 493 894	-	159 605	(16 917)	1 636 581	1 642 971
Special Vehicles	4 850 274	-	-	-	-	4 850 274	682 211	-	391 072	-	1 073 283	3 776 991
Tools and Equipment	1 842 611	1 186 098	-	(14 825)	-	3 013 884	1 199 242	-	137 894	(3 946)	1 333 191	1 680 693
	1 539 273 202	126 932 270	-	(13 976 717)	-	1 652 228 756	259 017 357	-	43 785 254	(9 748 211)	293 054 400	1 359 174 355

There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There has been no impairment identified for Property, Plant and Equipment. No Property, Plant and Equipment are pledged as security for liabilities.

There has been no change in the method of depreciation and it is consent with the prior year.

JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
10 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	2 575 461	2 620 956
Cost	2 883 357	2 883 357
Accumulated Depreciation	(307 896)	(262 401)
Accumulated Impairment	-	-
Additions	-	-
Depreciation for the year	(41 705)	(45 496)
Impairment	-	-
Net Carrying amount at 30 June	2 533 755	2 575 461
Cost	2 883 357	2 883 357
Accumulated Depreciation	(349 602)	(307 896)
Accumulated Impairment	-	-
Revenue derived from the rental of investment property.	45 414	33 243

No operating expenditure was incurred on investment property during the 2014/2015 and 2015/2016 financial years.

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

There are no contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance or enhancements.

	2016 R	2015 R
11 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	1 798 866	2 207 942
Cost	4 395 576	4 395 576
Accumulated Amortisation	(2 596 710)	(2 187 634)
Additions and transfers from work in progress	-	-
Amortisation	(449 644)	(409 076)
Net Carrying amount at 30 June	1 349 221	1 798 866
Cost	4 395 576	4 395 576
Accumulated Amortisation	(3 046 355)	(2 596 710)

No intangible assets were assessed as having an indefinite useful life. There are no internally generated intangible assets at the reporting date. There are no intangible assets whose title is restricted and no intangible assets are pledged as security for liabilities.

The following material intangible asset is included in the carrying value above:

	<u>Remaining Amortisation Period</u>	Carrying Value	
<u>Description</u>			
SAMRAS (Accounting system)	3 years	904 059	1 205 412

	2016 R	2015 R
12 NON-CURRENT INVESTMENTS		
Financial Instruments		
Fixed Deposits	1 411 026	1 395 357
Unlisted		
Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd	1 894 055	1 894 055
Cost	6 886 141	6 886 141
Provision for Impairment	(4 992 086)	(4 992 086)
Total Non-Current Investments	3 305 081	3 289 411

JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	R	R
<p>The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA). The purpose of the entity is to promote economic development in the district.</p> <p>Prior to 1 July 2012, JoGEDA was still in its establishment phase. All contributions made by the Municipality during the establishment phase was capitalised as part of the investment. In the 2012/13 year, JoGEDA has become operational as a result thereof, contributions made by the Municipality are no longer capitalised. These contributions are treated as Grants and Subsidies Paid.</p> <p>The provision for impairment is based on the difference between the amount invested and the net asset value of JoGEDA. The provision for impairment is calculated on an annual basis.</p> <p>Fixed Deposits are investments with a maturity period of more than 12 months and an average interest rate of 9.13% per annum. (2014 - 9.13%). Interest rates are considered to be market related. The carrying amount of these fixed deposits approximates their fair value.</p> <p>Investments are made in terms of the Municipality's Cash Management and Investment Policy, as required by Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.</p>		
Fixed deposit consist of the following accounts:		
ABSA - Acc no 660000135 - Building - DBSA Loan	1 411 026	1 395 357
	1 411 026	1 395 357

The fixed deposit serve as collateral security for the DBSA Building loan as per note 2.

13

INVENTORY

Fuel and oil – at cost	585 962	488 741
Stationery and materials - at cost	960 835	1 346 059
Spare parts - at cost	1 238 935	1 664 306
Water stock - net realisable value	392 108	392 108
Total Inventory	3 177 840	3 891 214
Consumable stores materials (gains) identified during stock counts	(5 230)	(10 409)
Inventory recognised as an expense during the year	6 058 898	7 141 981
No inventory was pledged as security.		

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
14 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Water	177 408 749	97 173 232
Sewerage	65 084 698	41 193 157
Joe Gqabi Economic Development Agency (Soc) Ltd	-	6 544 266
Local Municipalities	18 585 494	19 462 687
Gariep Local Municipality	10 077 396	10 077 396
Elundini Local Municipality	1 529 310	2 406 503
Maletswai Local Municipality	6 978 788	6 978 788
Other Receivables	7 864 404	5 875 802
Working for Wetlands	2 097 266	1 425 536
Working for water	1 224 935	-
Deposits	144 961	114 261
Other Debtors	1 350 663	1 435 758
Staff Debtors	211 823	225 723
Pensioners	1 801 220	1 640 988
Expenses paid in advance	1 033 537	1 033 537
	268 943 345	170 249 143
Less: Allowance for Doubtful Debts	(208 947 722)	(144 595 292)
Total Net Receivables from Exchange Transactions	59 995 623	25 653 851
<p>Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.</p> <p>Both Maletswai Local Municipality, Elundini and Gariep Local Municipality owe the Municipality for revenue received for water and sanitation as per the billing agreement.</p> <p><u>Reconciliation of the Total Doubtful Debt Provision</u></p>		
Balance at beginning of the year	144 595 292	68 020 274
Transfer of function from Local Municipalities - note 18	-	-
Contributions to provision	70 896 695	76 575 018
Doubtful debts written off against provision	(6 544 266)	-
Balance at end of year	208 947 722	144 595 292
Water	137 005 075	87 973 927
Sewerage	54 488 085	39 166 803
Local Municipalities	15 409 620	15 409 620
Other Receivables	2 044 943	2 044 942

Concentrations of credit risk with respect to receivables are limited due to the Municipality's large number of customers as administered by the local municipalities. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Municipality

2016

Water	177 408 749	(137 005 075)	40 403 674
Sewerage	65 084 698	(54 488 085)	10 596 613
Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	-
Local Municipalities	18 585 494	(15 409 620)	3 175 874
Other Receivables	7 864 404	(2 044 942)	5 819 462
Total	268 943 345	(208 947 722)	59 995 623

2015

Water	97 173 232	(87 973 927)	9 199 305
Sewerage	41 193 157	(39 166 803)	2 026 354
Joe Gqabi Economic Development Agency (Soc) Ltd	6 544 266	-	6 544 266
Local Municipalities	19 462 687	(15 409 620)	4 053 067
Other Receivables	5 875 803	(2 044 942)	3 830 861
Total	170 249 145	(144 595 292)	25 653 853

Ageing of Receivables from Exchange Transactions

Water:

Current (0 - 30 days)		9 587 411	6 476 864
31 - 60 Days		6 969 174	8 940 432
61 - 90 Days		7 166 651	5 442 490
91 - 120 Days		5 691 074	6 896 665
121 - 150 Days		4 726 081	6 878 668
150+ Days		143 268 358	62 538 112
Total		177 408 749	97 173 232

Sewerage:

Current (0 - 30 days)		3 875 115	2 026 289
31 - 60 Days		2 386 625	1 846 784
61 - 90 Days		2 103 757	1 629 977
91 - 120 Days		1 801 785	1 621 259
121 - 150 Days		1 549 931	1 550 826
150+ Days		53 367 485	32 518 023
Total		65 084 698	41 193 158

Other Receivables: Ageing

Current (0 - 30 days)		2 097 266	1 425 536
31 - 60 Days		-	-
61 - 90 Days		-	-
+ 90 Days		5 767 138	4 450 267
Total		7 864 404	5 875 803

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
15	CASH AND CASH EQUIVALENTS		
	<u>Assets</u>		
	Call Investments Deposits	5 020 590	35 920 001
	Primary Bank Account	(2 615 344)	(2 144 292)
	Cash Floats	16 300	16 300
	Total Cash and Cash Equivalents - Assets	2 421 545	33 792 009

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

An amount of R2 000 000 was transferred into the Primary Bank account on the 30th of June 2015. Since the request is done via letter to the local branch, it was transferred by them and instead of transferring R2 000 000 only R200 000 was transferred. They only corrected this mistake on the 1 July 2015.

Call Investment Deposits amounting to R5 020 590 are held to fund Unspent Conditional Grants (2015 - R35 920 001)

ABSA - account no 23-8000-0019 (Municipality)

Cash book balance at beginning of year	(2 144 292)	3 113 553
Cash book balance at end of year	(2 615 344)	(2 144 292)
Bank statement balance at beginning of year	262 119	3 113 553
Bank statement balance at end of year	4 341 332	262 119

Call Investments Deposits

ABSA - Acc no 9084169245 - MIG	124 222	21 027 971
ABSA - Acc no 9185426744 - General Fund Operational Funds	282 365	266 642
ABSA - Acc no 9072226158 - Public Works Special Programme	33 914	32 047
ABSA - Acc no 9122637071 - Wetlands Projects	1 635 718	33 666
ABSA - Acc no 9270029895 - Environmental Affairs Mazibuyele Emasasweni	1 335 130	30 776
ABSA - Acc no 9276836949 - Joe Gqabi Capital Purchasing	1 609 241	14 528 899
	5 020 590	35 920 001

The cash which backs up the unspent grants is invested as individual investments or part of the general investments of the Municipality until it is utilised.

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

16 GOVERNMENT GRANTS AND SUBSIDIES	2016 R	2015 R
Unconditional Grants	210 560 924	196 162 583
Equitable Share	209 607 700	194 848 000
LG Seta	953 224	1 314 583
Conditional Grants	318 012 149	245 337 442
DWA Bylaws	-	100 548
EPWP Programme	1 408 561	1 309 437
Finance Management Grant (FMG)	1 250 139	1 252 424
LED Capacity	-	381 528
Municipal Infrastructure Grant (MIG)	180 437 196	167 359 944
Municipal Systems Improvement Grant (MSIG)	940 200	932 878
Municipal Water Infrastructure Grant (MWIG)	25 022 327	19 992 600
RBIG	4 844 191	2 177 404
DEDEAT - JOGEDA Senqu plastic project	800 000	-
Provincial Treasury Drought programme	71 077 104	-
Public Works - Special Programme	25 784 141	30 034 952
Rural Households Infrastructure Grant	-	-
Rural Roads Asset Management Grant	2 095 856	2 083 528
Department of Human Settlement	350 991	5 134 499
Water Services Operating Subsidy	4 001 442	14 577 701
Total Government Grants and Subsidies	528 573 073	441 500 025
Government Grants and Subsidies - Capital	203 356 888	129 947 364
Government Grants and Subsidies - Operating	325 216 185	311 552 662
	528 573 073	441 500 025

The Municipality does not expect any significant changes to the level of grants.

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share	209 607 700	194 848 000
Management Services	800 000	1 314 406
Financial Services	2 190 339	1 252 424
Corporate Services	953 224	1 314 583
Technical Services	315 021 808	242 770 613
	528 573 072	441 500 026

16,01 Equitable share

Opening balance	-	-
Grants received	209 607 700	194 848 000
Conditions met - Operating	(209 607 700)	(194 848 000)
Conditions met - Capital	-	-
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act No. 108 of 1996) to the Municipality by the National Treasury.

16,02 Finance Management Grant (FMG)

Opening balance	35	2 459
Grants received	1 250 000	1 250 000
Conditions met - Operating	(1 250 139)	(1 252 424)
Conditions met - Capital	-	-
Monies returned to National Treasury	(35)	-
Conditions still to be met	(139)	35

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act, No 56 of 2003 (MFMA). The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
16,03 Municipal Systems Improvement Grant (MSIG)		
Opening balance	1 122	0
Grants received	940 000	934 000
Conditions met - Operating	(940 200)	(932 878)
Conditions met - Capital	-	-
Monies returned to National Treasury	(1 122)	-
	<u>(200)</u>	<u>1 122</u>
Conditions still to be met		

The purpose of the grant is to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act and other related local government policy and legislation so that they can carry out mandated functions effectively.

16,04 Municipal Infrastructure Grant (MIG)		
Opening balance	23 634 898	19 525 842
Grants received	154 270 000	171 469 000
Conditions met - Operating	(74 614 834)	(75 486 434)
Conditions met - Capital	(105 822 362)	(91 873 510)
	<u>(2 532 298)</u>	<u>23 634 898</u>
Conditions still to be met		

The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Municipality's programmes covers both Sanitation and Water projects.

16,05 Public Works - Special Programme		
Opening balance	(5 193 329)	(461 004)
Grants received	27 093 577	25 302 627
Conditions met - Operating	(25 784 141)	(30 034 952)
Conditions met - Capital	-	-
	<u>(3 883 893)</u>	<u>(5 193 329)</u>
Grant expenditure to be recovered		

This grant is used for the maintenance of gravel roads in the Gariep and Maletswai parts of the district. At times special projects are also allocated to the Municipality by the Department of Roads and Public Works in other parts of the district.

16,06 Accelerated Community Infrastructure Programme (ACIP)		
Opening balance	(85 102)	(85 102)
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
	<u>(85 102)</u>	<u>(85 102)</u>
Grant expenditure to be recovered		

This grant is used for the upgrade of infrastructure.

16,07 Water Services Operating Subsidy		
Opening balance	34 433	4 612 134
Grants received	5 000 000	10 000 000
Conditions met - Operating	-	-
Conditions met - Capital	(4 001 442)	(14 577 701)
Monies returned to National Treasury	(34 433)	-
	<u>998 558</u>	<u>34 433</u>
Conditions still to be met		

This grant is used for the refurbishment of water infrastructure.

16,08 Environmental Health Practitioners		
Opening balance	(2 023 388)	(2 735 232)
Grants received	-	711 844
Conditions met - Operating	-	-
Conditions met - Capital	-	-
	<u>(2 023 388)</u>	<u>(2 023 388)</u>
(Grant expenditure to be recovered)		

This grant is paid by the Department of Health and was initiated when the EHP staff from the province were transferred to the district municipalities. This grant is used for the EHP staff's salaries.

	2016 R	2015 R
16,09 Municipal Water Infrastructure Grant (MWIG)		
Opening balance	14 109	(2 290)

**JOE GQABI DISTRICT MUNICIPALITY
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Grants received	25 011 000	20 009 000
Conditions met - Operating	(7 761 529)	(3 808 350)
Conditions met - Capital	(17 260 798)	(16 184 250)
Monies returned to National Treasury	(14 109)	
	<u>(11 327)</u>	<u>14 109</u>

This grant is used to facilitate the planning, acceleration and implementation of various projects that will insure water supply to communities identified as not receiving a basic water supply service.

16,10 Rural Households Infrastructure Grant

Opening balance	4 000	4 000
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
	<u>4 000</u>	<u>4 000</u>

This grant is used to provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable

16,11 PT Drought programme

Opening balance	-	-
Grants received	58 110 150	-
Conditions met - Operating	-	-
Conditions met - Capital	(71 077 104)	-
Foreign Exchange Gains	-	-
	<u>(12 966 954)</u>	<u>-</u>

This grant is used to provide for the upgrade of critical Water and Sanitation infrastructure.

16,12 Other Grants

Opening balance	(7 077 411)	(51 085 770)
Grants received	6 972 079	6 227 435
Conditions met - Operating	(4 457 641)	(5 189 624)
Conditions met - Capital	(5 195 182)	(7 311 903)
Foreign Exchange Gains	-	23 783
Written off/Paid back to National Treasury		50 258 667
	<u>(9 758 155)</u>	<u>(7 077 411)</u>

Other Grants consist of the following and is utilised as follows:

EPWP Programme

Incentive grant for creating jobs, whereby unemployed persons get employed on projects to create employment.

LED Capacity

This grant is funded by Local Government to pay for the salary and administration costs of the LED specialist for the JGDM area.

DWA Bylaws

This grant is for the review of the bylaws of water and sanitation function.

DBSA Municipal Support Framework

To assess Local Municipalities' requirements for support by JGDM.

Rural Roads Asset Management Grant (Public Transport)

This grant is to determine the extent of the municipal road network, the condition and maintenance requirements.

LG Seta

This grant is used to assist with the training needs of the Municipality.

Orio

This grant is used to assist in providing water in the Elundini rural areas. This grant is funded by the Netherlands Government.

	2016 R	2015 R
Other Grants received during the year:		
EPWP Programme	1 379 000	1 309 000
Regional Bulk Infrastructure Grant	2 331 511	454 175
Rural Roads Asset Management Grant	2 080 000	2 084 000
LG Seta	1 181 569	1 071 875

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Orio	-	1 308 386
Total Other Grants received during the year	<u>6 972 079</u>	<u>6 227 435</u>

16,12 Total Grants

Opening balance	9 309 368	(21 234 976)
Correction on opening balance	-	(8 989 987)
Grants received	488 254 507	430 751 907
Conditions met - Operating	(324 416 185)	(311 552 662)
Conditions met - Capital	(203 356 888)	(129 947 364)
Paid back to Treasury//Provided for as impairment	(49 700)	50 258 667
Foreign Exchange Gains	-	23 783
Grant expenditure to be recovered	<u>(30 258 898)</u>	<u>9 309 368</u>

Disclosed as follows as per note 7

Unspent Conditional Government Grants and Receipts	1 016 165	23 718 061
Unpaid Conditional Government Grants and Receipts	(31 275 063)	(14 408 693)
	<u>(30 258 897)</u>	<u>9 309 368</u>

17 FOREIGN EXCHANGE GAINS/(LOSS)

Orio Grant	-	(23 783)
Total Foreign Exchange Gains	<u>-</u>	<u>(23 783)</u>

Foreign exchange gains relate to the Orio grant which is denominated in Euro. Claims submitted to Orio are done by using an exchange rate of R11.33 to the Euro as per the agreement. Payment are made in Euro at the exchange rate as on date of payment. Subsequently, the Rand has devalued against the Euro and has an exchange rate of R14.46 as on 30 June 2015 (2014 - R12.99).

18 ACTUARIAL (GAINS)/LOSS

Post Retirement Medical Obligations - Refer to note 3	(1 515 799)	(2 157 631)
Ex Gratia Gratuities - Refer to note 3	54 270	(65 118)
Long Service Awards - Refer to note 3	(866 573)	55 780
Total Actuarial Losses	<u>(2 328 102)</u>	<u>(2 166 970)</u>

Actuarial gains or losses are calculated at year-end when the actuarial valuation is performed.

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
19 REVERSAL OF IMPAIRMENTS		
Investment in Municipal Entity - note 12	-	-
Total Reversal of Impairments	<u>-</u>	<u>-</u>
20 SERVICE CHARGES		
Water	96 077 906	74 798 318
Sewerage and Sanitation Charges	35 833 777	28 065 749
	<u>131 911 682</u>	<u>102 864 067</u>
Less: Rebates (including free basic services for indigents)	(28 870 666)	(18 868 576)
Total Service Charges	<u>103 041 016</u>	<u>83 995 491</u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
21 GOVERNMENT SERVICES		
Working for Water	4 247 913	1 063 148
Working for Wetlands	5 069 050	3 185 716
Total Government Services	<u>9 316 963</u>	<u>4 248 864</u>
22 INTEREST EARNED - EXTERNAL INVESTMENTS		
Call Investment Deposits	4 009 080	3 549 300
Primary Bank Account	290 882	351 495
Fixed Deposits	-	-
Total Interest Earned - External Investments	<u>4 299 962</u>	<u>3 900 795</u>
23 INTEREST EARNED - OUTSTANDING DEBTORS		
Water Debtors	5 496 619	3 836 774
Sewerage Debtors	(149 157)	1 971 695
Total Interest Earned - Outstanding Debtors	<u>5 347 462</u>	<u>5 808 469</u>
24 OTHER INCOME		
Sundry Income	803 621	314 006
Rental of Facilities and Equipment	45 414	33 243
Unknown Receipts recognised as income	-	-
Insurance claims	396 625	-
Total Other Income	<u>1 245 660</u>	<u>347 249</u>
25 EMPLOYEE RELATED COSTS		
Bonuses	8 425 033	8 211 420
Contribution to current employee benefits - Staff Leave - Note 4	416 982	4 547 929
Contribution to non-current employee benefits - Long Service Awards - Note 3	767 171	690 301
Contribution to non-current employee benefits - Post Retirement Medical - Note 3	2 413 038	2 541 768
Contribution to non-current employee benefits - Ex Gratia Gratuities - Note 3	66 061	11 028
Contributions for UIF, Pensions and Medical Aids	23 718 686	20 841 044
Salaries and Wages	104 778 553	97 481 730
Housing Benefits and Allowances	987 473	727 063
Overtime Payments	8 184 583	4 509 038
Performance Bonuses	1 506 750	2 136 073
Travel, Motor Car, Telephone, Subsistence and Other Allowances	12 476 093	11 428 844
Total Employee Related Costs	<u>163 740 422</u>	<u>153 126 238</u>

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
REMUNERATION OF MANAGEMENT PERSONNEL		
The Municipal Manager and all Section 57 Managers are appointed on a 5-year fixed contract.		
Municipal Manager - Z A Williams		
Annual Remuneration	1 434 851	1 316 325
Performance Bonuses	-	224 359
Travel Allowance	64 200	108 200
Telephone allowance	33 000	30 000
Contributions to UIF, Medical and Pension Funds	225 651	208 923
Total	1 757 702	1 887 807
Director Technical Services - R J Fortuin		
Annual Remuneration	1 205 021	1 126 843
Performance Bonuses	-	190 706
Travel Allowance	170 220	170 220
Telephone allowance	19 200	13 857
Contributions to UIF, Medical and Pension Funds	83 967	81 612
Total	1 478 408	1 583 237
Director Corporate Services - H Z Jantjie		
Annual Remuneration	1 286 691	1 216 933
Performance Bonuses	-	190 706
Travel Allowance	84 000	84 000
Telephone allowance	19 200	13 857
Contributions to UIF, Medical and Pension Funds	78 192	75 074
Total	1 468 083	1 580 569
Director Financial Services - J M Jackson - Resigned 30 April 2015		
Annual Remuneration	-	1 003 742
Performance Bonuses	-	190 706
Travel Allowance	-	82 000
Telephone allowance	-	11 547
Contributions to UIF, Medical and Pension Funds	-	64 907
Total	-	1 352 902
An Acting Chief Financial Officer has been appointed effective 15 April 2015 until the position will be filled.		
Acting Director Financial Services - S du Toit - Effective 15 April 2015		
Annual Remuneration	1 035 153	415 769
Acting allowance	128 638	27 499
Travel Allowance	120 000	-
Telephone allowance	19 200	5 772
Contributions to UIF, Medical and Pension Funds	18 915	1 126
Total	1 321 907	450 166
Director Community Services - F J Sephton		
Annual Remuneration	1 296 567	1 208 695
Performance Bonuses	-	190 706
Travel Allowance	156 000	156 000
Telephone allowance	19 200	13 857
Total	1 471 767	1 569 258
Chief Operations Officer - N Mshumi		
Annual Remuneration	925 727	893 150
Performance Bonuses	-	162 310
Travel Allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	218 821	191 975
Total	1 204 548	1 307 435
Manager Water Service provision Manager - D Lusawana		
Annual Remuneration	871 805	443 077
Performance Bonuses	-	-
Travel Allowance	-	-
Contributions to UIF, Medical and Pension Funds	165 631	10 762
Total	1 037 436	453 839

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

26

REMUNERATION OF COUNCILLORS

Councillors
Councillors' Pension and Medical Aid Contributions

Total Remuneration of Councillors

In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

	2016	2015
	R	R
Councillors	4 671 526	4 673 773
Councillors' Pension and Medical Aid Contributions	637 985	592 299
Total Remuneration of Councillors	5 309 512	5 266 072

2016

	Remuneration	Contributions	Total
Members of the Mayoral Committee	3 014 094	447 259	3 461 354
ZI Dumzela - Executive Mayor	664 664	153 133	817 797
NP Mposelwa - Speaker	570 088	89 050	659 138
B Salman - Portfolio Head: Financial Services	535 920	83 472	619 393
D Mvumvu - Portfolio Head: Community Services	361 815	3 603	365 418
TZ Notyeke - Portfolio Head: Technical Services	376 357	3 804	380 161
N Ngubo - Portfolio Head: Corporate Services	505 250	114 197	619 447
Proportional elected Councillors	1 533 482	189 529	1 723 011
S Mei	313 083	19 052	332 134
DF Hartkopf	328 922	3 024	331 947
V Mbulawa	214 554	49 132	263 686
MW Mpelwane	-	-	-
LN Gova	233 629	30 087	263 716
XG Motloi	219 647	44 139	263 787
NF Mphithi	223 647	44 094	267 741
Representative Councillors	119 750	1 198	120 947
Total Councillors Remuneration	4 667 326	637 985	5 305 312

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Remuneration	Contributions	Total
2015			
Members of the Mayoral Committee	2 885 199	415 747	3 300 946
ZI Dumzela - Executive Mayor	635 911	140 596	776 507
NP Mposelwa - Speaker	542 435	83 611	626 046
B Salman - Portfolio Head: Financial Services	511 569	76 877	588 445
D Mvumvu - Portfolio Head: Community Services	357 859	2 347	360 206
TZ Notyeke - Portfolio Head: Technical Services	357 904	3 375	361 279
N Ngubo - Portfolio Head: Corporate Services	479 522	108 941	588 463
Proportional elected Councillors	1 461 952	162 458	1 624 410
S Mei	301 646	12 818	314 464
DF Hartkopf	311 845	2 697	314 542
V Mbulawa	205 699	44 911	250 610
LN Gova	222 560	27 611	250 170
XG Motloi	210 567	40 096	250 663
NF Mphithi	209 636	34 325	243 961
Representative Councillors	334 427	6 290	336 639
Total Councillors Remuneration	4 681 578	584 494	5 261 994

JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016 R	2015 R
27	DEBT IMPAIRMENT		
	Contributions to provision - note 14	70 896 695	76 575 018
	Less: Portion relating to VAT - note 8	-	(1 798 001)
	Total Debt Impairment	<u>70 896 695</u>	<u>74 777 017</u>
28	IMPAIRMENTS		
	Investment in Municipal Entity - note 12	-	-
	Property Plant and Equipment - note 9	290 493	-
	Total Impairments	<u>290 493</u>	<u>-</u>
29	DEPRECIATION AND AMORTISATION		
	Property, Plant and Equipment - note 9	45 707 949	43 785 254
	Investment Property - note 10	41 705	45 496
	Intangible Assets - note 11	449 644	409 076
	Total Depreciation and Amortisation	<u>46 199 298</u>	<u>44 239 826</u>
30	REPAIRS AND MAINTENANCE		
	Infrastructure	4 352 516	13 666 149
	Land and Buildings	395 522	912 673
	Other Assets	1 510 165	1 463 489
	Total Repairs and Maintenance	<u>6 258 203</u>	<u>16 042 311</u>
	It should be noted that a substantial amount of Repairs and Maintenance that were done are reflecting under the Operating Grant expenditure votes.		
31	FINANCE CHARGES		
	Long-term Liabilities	1 124 027	851 895
	Finance leases	632 045	1 042 117
	Non-current Employee Benefits	3 890 173	3 560 433
	Finance charges on pension fund shortfall	89 156	49 875
	Other provisions	-	-
	Total Finance Charges	<u>5 735 402</u>	<u>5 504 319</u>
32	CONTRACTED SERVICES		
	Water Services	8 768	1 868 386
	Local Municipalities	8 768	1 868 386
	Other Contractors	-	-
	Sanitation Services	15 129 291	19 066 136
	Local Municipalities	70	1 456 044
	Other Contractors	15 129 221	17 610 092
	Total Contracted Services	<u>15 138 059</u>	<u>20 934 522</u>
	Contracted services paid to Local Municipalities include a 15% collection fee of all monies collected by the Local Municipalities on behalf of Joe Gqabi District Municipality as well as a standard rate per monthly statement printed per service.		
	The other contractors relate to Honey Sucking that has been done by outside contractors throughout the district for the year under review.		
33	BULK PURCHASES		
	Water	988 976	3 383 705
	Total Bulk Purchases	<u>988 976</u>	<u>3 383 705</u>

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	2016 R	2015 R
34 GRANTS AND SUBSIDIES PAID		
Gariep Local Municipality	1 185 000	-
Pauper burials	7 980	-
Joe Gqabi Economic Development Agency (SoC) Ltd	3 806 797	2 786 740
Total Grants and Subsidies Paid	4 999 777	2 786 740

The Economic Entity has been in the process of taking over water service provision from local municipalities.

The grant paid to Joe Gqabi Economic Development Agency (SoC) Ltd (JoGEDA) is in terms of the service level agreement with the IDC. This grant is used for operating activities by JoGEDA. The grant paid also included an amount of R800 000 received from DEDEAT for the Senqu Plastic project.

35 OPERATING GRANT EXPENDITURE		
Management Services	-	972 766
Financial Services	1 576 322	287 243
Corporate Services	1 324 964	1 161 564
Technical Services	74 251 565	71 527 165
Community Services	6 254 940	3 875 814
Total Operating Grant Expenditure	83 407 790	77 824 552

36 GENERAL EXPENSES		
Audit Fees	5 256 906	6 197 044
Advertising Fees	642 024	740 164
Bank Charges	309 411	259 711
Chemicals	6 202 647	5 621 840
Computer Charges	65 320	(37 657)
Consulting Fees	9 167 814	13 124 849
Entertainment	38 932	90 269
Fuel and oil	8 595 309	6 695 058
Insurance	2 630 706	2 228 123
Legal Fees	2 260 408	465 218
Material and protective clothing	1 831 603	849 625
Marketing	365 763	270 855
Membership Fees	44 340	1 238 519
Postage	11 903	11 116
Printing and Stationary	906 091	776 733
Rentals	2 135 641	3 385 174
Security	3 090 787	2 271 254
Services	545 698	550 266
Special programmes	1 814 706	1 411 969
Telephone	4 707 851	2 327 390
Training	785 809	639 066
Travel and Subsistence	15 332 874	12 249 261
Water and Electricity	9 631 823	12 996 447
Water Testing & Quality Monitoring	2 101 744	1 592 147
Other	1 692 015	1 876 520
Total General Expenses	80 168 127	77 830 958

The take over of water services from Gariep Local Municipality and Amatola Water Board resulted in changes in expenditure patterns to the prior year. The average increase in General expenditure is only 4% for the year. There has been a shift of spending between types of expenditure and not necessarily a material increase overall.

37 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		
Carrying value of Property, Plant and Equipment disposed or written off	(656 721)	(4 228 506)
Proceeds from Disposal of Property, Plant and Equipment	-	-
Property, Plant and Equipment transferred to JoGEDA	-	-
Total Loss on Disposal of Property, Plant and Equipment	(656 721)	(4 228 506)

The loss on disposal of assets to the amount of R376 207 (R4 228 506 - 2015) relates to assets that were written off.

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38 CORRECTION OF ERROR IN TERMS OF GRAP 3

38,1 NET SURPLUS/(DEFICIT) FOR THE YEAR 2015

Surplus reported on 30 June 2015	53 339 547
General Expenses	(339 831)
Finance charges	(502 474)
Bulk Purchses	(380 040)
Repairs and Maintenance	(647 419)
Total	<u>51 469 783</u>

39 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY

NET CASH FROM OPERATING ACTIVITIES

Net Surplus/(Deficit) for the year	169 527 648	51 469 783
Adjusted for:		
Non-Cash Expenditure and Revenue	119 694 435	124 688 686
Actuarial Gains	(2 328 102)	(2 166 970)
Debt impairment	70 896 695	74 777 017
Deprecation and amortisation	46 199 298	44 239 826
Impairments	290 493	-
Finance charges	3 979 329	3 610 308
Loss on disposal of PPE	656 721	4 228 506
Contributions - Provisions and Employee Benefits	13 595 034	18 138 519
Post Retirement Medical Benefits	2 413 038	2 541 768
Long Service Awards	767 171	690 301
Ex-Gratia	66 061	11 028
Performance bonuses	1 506 750	2 136 073
Bonuses	8 425 033	8 211 420
Staff leave	416 982	4 547 929
Expenditure - Provision and Employee Benefits	(11 255 733)	(12 171 742)
Post Retirement Medical Benefits	(963 470)	(955 643)
Long Service Awards	(360 520)	(599 734)
Ex-Gratia	(118 423)	(21 586)
Performance bonuses	-	(1 377 492)
Bonuses	(8 416 111)	(7 621 910)
Staff leave	(1 397 209)	(1 595 378)
Other adjustments	(6 544 266)	-
Bad debts Written off	(6 544 266)	-
Operating surplus before changes in working capital	285 017 119	182 125 246
Movement in working capital	(133 542 802)	(76 697 890)
Receivables from exchange transactions	(98 694 202)	(85 952 584)
Inventory	713 373	(873 093)
Payables from exchange transactions	(4 628 563)	19 043 245
Unspent Conditional Government Grants	(22 701 894)	(937 441)
Unpaid Conditional government grants	(16 866 370)	(9 786 895)
Taxes	8 634 853	1 808 877
Cash Flow from Operating Activities	<u>151 474 318</u>	<u>105 427 356</u>

40 CASH AND CASH EQUIVALENTS

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

Call Investments Deposits - note 15	5 020 590	35 920 001
Cash Floats - note 15	16 300	16 300
Bank - note 15	(2 615 344)	(2 144 292)
Total cash and cash equivalents	<u>2 421 545</u>	<u>33 792 009</u>

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41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - note 40	2 421 545	33 792 009
Investments - note 12	1 411 026	1 395 357
	3 832 571	35 187 366
Less:	1 016 165	28 718 061
Unspent Committed Conditional Grants - note 7	1 016 165	23 718 061
ABSA Loan to be paid back	-	5 000 000
Net cash resources available for internal distribution	2 816 406	6 469 305

42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - note 2	12 613 456	15 966 661
Used to finance property, plant and equipment - at cost	(12 613 456)	(10 966 660)
Cash invested for repayment of long-term liabilities	-	5 000 000

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 10% and 11.52% and will be repaid by 2024.

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	2016 R	2015 R
43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
43.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	164 753	164 753
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - capital	-	-
Authorised by Council	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	164 753	164 753

Incident	Disciplinary steps
Over expenditure on votes.	None

	Actual R	Final Budget R	Variance R	Unauthorised Expenditure R
Operating Expenditure by Vote				
Management Services	40 252 595	39 523 897	(728 698)	-
Financial Services	69 020 953	69 344 948	323 995	-
Corporate Services	47 299 091	47 915 339	616 248	-
Technical Services	277 597 521	277 697 269	99 748	-
Community Services	50 454 428	50 456 555	2 127	-
	484 624 589	484 938 008	313 419	-
Capital Expenditure by Vote				
Management Services	-	-	-	-
Financial Services	-	200 000	200 000	-
Corporate Services	471 159	2 375 200	1 904 041	-
Technical Services	179 166 954	217 436 609	38 269 655	-
Community Services	-	5 000 000	5 000 000	-
	179 638 113	225 011 809	45 373 696	-

	2015 R	2014 R
43.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	687 446	503 166
Fruitless and wasteful expenditure current year	29 661	184 280
Written off by Council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting write-off approval	717 107	687 446

Incident	Disciplinary steps
Interest paid to Telkom, Eskom and on utility bills not paid within 30 days and paid within 30 days but after due date of the service providers	None - A request has been submitted to Sengu and Eskom due to arrangements made during the year
Damages to rental vehicles	Under investigation
Meeting postpone and caterer not informed	None

	29 661	31 601
	-	139 679
	-	13 000
	29 661	184 280

	9 190 312	8 412 125
	2 047	778 186
	-	-
	-	-
	-	-
	9 192 359	9 190 312

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

The irregular expenditures were ratified as minor breaches by the Accounting Officer in terms of the Supply Chain regulations 36(1)(b) and in line with the Municipalities Supply Chain policy.

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	2016 R	2015 R
44 MATERIAL LOSSES		
Water distribution losses		
Kilo litres disinfected/purified/purchased	14 772 076	12 155 028
Kilo litres sold	(8 011 414)	(7 344 702)
Kilo litres lost	6 760 662	4 810 326
Percentage lost during distribution	45,8%	39,6%
Average cost per kilolitre in Rands	10,16	11,21
Loss in Rand value	68 688 325	53 923 757

The above increase in water losses are mainly due to water losses increased in Maletswai and Elundini this past year but a few factors beyond the control of JGDM that influenced the result are explained below.

- From 4 December 2015 the District declared a drought disaster. For a period of time during December and February the towns of Maclear and Aliwal North had no reticulated water available. After some rain the reticulated water was restored but water quality was exceptionally poor as bacteria and fungi had bloomed in the pipes during this period. As such pipes and reservoirs had to be repeatedly scoured to improve water quality. This used large quantities of water. The scouring of the system continued until late into the financial year.

- In August 2015 the water system in the town of Ugie was negatively affected by an oil spillage upstream of the abstraction point that negatively affected the whole system. All pipes and reservoirs had to be repeatedly scoured to restore water quality. A disaster was declared in Ugie due to the inability to cope with the oil spill, on 4 December 2015.

- Further to this, the repeated switching on and off of water in Maclear and Aliwal North influenced the pressure in the pipes and exacerbated stresses on old infrastructure which increased the number of water leaks. Problems from this period are still being addressed.

The results indicate that JGDM requires a strategy in order to better manage and assess its systems in future. In the preceding financial years, a WCDMP outline has been proposed to aid in achieving better management and conservation of water. This strategy has been mentioned again as it is still applicable for the area.

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 SALGA Contributions - [MFMA 125 (1)(b)]

Opening balance	-	-
Council subscriptions	1 447 800	1 238 020
Amount paid - current year	(1 447 800)	(1 238 020)
Balance unpaid (included in creditors)	-	-

45.2 Audit fees - [MFMA 125 (1)(b)]

Opening balance	-	13 197
Current year audit fee	5 668 874	6 345 651
External Audit - Auditor-General	4 646 513	5 003 394
Internal Audit	1 022 361	1 342 258
Amount paid	(5 042 642)	(6 358 849)
Balance unpaid (included in payables)	626 231	-

45.3 VAT - [MFMA 125 (1)(b)]

Opening balance	4 901 766	1 997 927
Amounts received - current year	(26 074 982)	(37 471 461)
Amounts claimed - current year	17 416 863	40 375 300
Balance receivable/(payable)	(3 756 353)	4 901 766

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

45.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	23 507 485	21 335 984
Amount paid - current year	(23 507 485)	(21 335 984)
Balance receivable	-	-

45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	33 237 720	29 438 311
Amount paid - current year	(33 237 720)	(29 438 311)
Balance unpaid (included in payables)	-	-

45.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

There are no overdue councillor accounts.

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	2016 R	2015 R
45.6 Deviations - Supply Chain Management		
Deviations with the Supply Chain Management Regulations were identified and categorised as follow:		
- Emergencies	25 507 137	42 677 924
- Goods or services are produced or available from a single provider only	19 400	1 567 726
- Other exceptional cases where it is impractical or impossible to follow the official procurement processes	18 797 328	15 736 190
	44 323 865	59 981 840
Deviations per department		
- Office of the Municipal Manager	43 491	296 318
- Financial Services	28 774	296 667
- Corporate Services	4 074 094	2 432 160
- Community Services	560 422	4 674 032
- Technical Services	39 611 268	52 278 559
- Expenditure incurred on behalf of JoGEDA	5 815	4 104
	44 323 865	59 981 840
46 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:		
- Infrastructure	455 062 901	387 266 397
Total	455 062 901	387 266 397
This expenditure will be financed from:		
Capital Replacement Reserve	-	-
Government Grants	455 062 901	387 266 397
Own Resources	-	-
	455 062 901	387 266 397
47 FINANCIAL RISK MANAGEMENT		
The activities of the Municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Municipality's financial performance.		
(a) Foreign Exchange Currency Risk		
The Municipality does not engage in foreign currency transactions.		
(b) Price risk		
The Municipality is not exposed to price risk.		
(c) Interest Rate Risk		
Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, non-current investments and loan payables.		
The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Municipality calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for cash and cash equivalents and non-current investments as the interest rate on loan payables are fixed.		
The Municipality did not hedge against any interest rate risks during the current year.		
The potential impact on the Municipality's surplus/deficit for the year due to changes in interest rates were as follow:		
0,5% (2015 - 0.5%) Increase in interest rates	312 086	225 007
0,5% (2015 - 0.5%) Decrease in interest rates	(312 086)	(225 007)
The potential impact on the fair value of loans payable due to changes in interest rates is insignificant as the carrying value represents the fair value based on the underlying assets.		

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	2016 R	2015 R
(d) Credit Risk		
Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.		
Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.		
Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of consumers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer receivables the Municipality effectively has the right to terminate services to customers, but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.		
All services are payable within 30 days from invoice date. Refer to note 14 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.		
Balances past due not impaired:		
Water	30 816 263	2 722 441
Sewerage	6 721 498	65
Local Municipalities	3 175 874	4 053 067
Other Receivables	5 819 462	8 949 591
	46 533 097	15 725 164
No receivables are pledged as security for financial liabilities.		
The Municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.		
The bank utilised by the Municipality for current and non-current investments are all listed on the JSE (ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.		
Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed below. Amounts are receivable from national and provincial government and there are no expectation of counter party default.		
Receivables from exchange transactions are individually evaluated annually at Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. The maximum exposure is disclosed below.		
Financial assets exposed to credit risk at year end are as follows:		
Receivables from Exchange Transactions	268 943 345	170 249 143
Cash and Cash Equivalents	2 421 545	33 792 009
Non-current Investments	1 411 026	1 395 357
Unpaid Conditional Grants and Subsidies	31 275 063	14 408 693
	304 050 979	219 845 202

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Municipality	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2016				
Long Term liabilities and Finance Leases	4 911 312	12 336 970	3 390 976	20 639 258
Capital repayments	3 455 162	9 895 674	2 710 903	16 061 739
Interest	1 456 150	2 441 296	680 073	4 577 519
Payables from exchange transactions	76 212 553	-	-	-
Unspent Conditional Government Grants and Receipts	1 016 165	-	-	-
	82 140 031	12 336 970	3 390 976	20 639 258

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2015	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Long Term Liabilities and Finance Leases	4 982 253	16 650 731	3 390 976	25 023 959
Capital repayments	3 214 401	12 753 285	2 710 903	18 678 589
Interest	1 767 852	3 897 446	680 073	6 345 370
Payables from exchange transactions	80 841 116	-	-	-
Unspent Conditional Government Grants and Receipts	23 718 061	-	-	-
	<u>109 541 430</u>	<u>16 650 731</u>	<u>3 390 976</u>	<u>25 023 959</u>

48	FINANCIAL INSTRUMENTS	2016	2015
		R	R

In accordance with GRAP 104 the financial instruments of the Municipality are classified as follows:

48.1 Financial Assets

Financial instruments at amortised cost

Non-Current Investments			
- Fixed Deposits		1 411 026	1 395 357
- Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd		1 894 055	1 894 055
Receivables from Exchange Transactions		59 995 623	25 653 851
Cash and Cash Equivalents		2 421 545	33 792 009
Unpaid Conditional Government Grants and Receipts		31 275 063	14 408 693
Total carrying amount of financial assets		<u>96 997 312</u>	<u>77 143 965</u>

48.2 Financial Liability

Financial instruments at amortised cost

Long-term Liabilities		12 613 456	15 966 661
Trade and Other Payables		76 212 553	80 841 116
Current Portion of Long-term Liabilities		3 355 052	3 214 402
Unspent Conditional Government Grants and Receipts		1 016 165	23 718 061
Total carrying amount of financial liabilities		<u>93 197 226</u>	<u>123 740 239</u>

49 EVENTS AFTER THE REPORTING DATE

The Municipality has noted the unfavourable weather conditions that have persisted in the last quarter ended 30 June 2015. All indications and information at hand indicates that the District will have a period of drought that will in all probability result in the outflow of economic resources in the post reporting period. The outflow of resources is expected to exceed R20 million.

50 IN-KIND DONATIONS AND ASSISTANCE

None

51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52 CONTINGENT LIABILITY

Council has the following contingent liabilities at the end of the financial year 2015/2016:

Outstanding litigation claims

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52 CONTINGENT LIABILITY CONTINUE

A claim was filed against the Municipality by a service provider disputing the award of a tender to another service provider. Judgement was received on the 26th of May in favour of the municipality, however the plaintiff has appealed the whole judgement.

1 097 374 -

The Municipality is contesting a labour matter in respect of its junior fire fighters. The claim is for back-pay, stand-by allowances and other allowances. The Commissioner at the CCMA issued an award. The award was that the 28 junior fire fighters be paid an amount of R340 327.95 each on this matter. The Municipality has contested this award. The matter was finalised on the 25th of May 2016. It was stated that it should be referred back to arbitration before a different commissioner.

9 529 183 9 529 183

In addition, the Commissioner also issued an award that the 28 junior fire fighters be paid an amount of R211 870 each based on TASK grading. This arbitration award has also been referred for review. This matter will be in the labour court on the 25th of October 2016.

6 347 518 5 932 260

A case against a former employee has been before labour court for fraud. The contract subsequently expired.

(300 000) (300 000)

The Municipality is contesting a claim for damages amounting to R754 702. The claim was lodged by Mr B Ramsay and his spouse for damages, pain and suffering and future medical costs. The claim relates to a motor vehicle accident wherein the vehicle was damaged when entering a site in Aliwal North. The site relates to diggings on a road for the purpose of effecting repairs to water infrastructure. The complainants believe that the Municipality is responsible for the accident that occurred. The Municipality is contesting this claim and the matter has been set down for trial on the 11 October 2016.

754 702 754 702

The Department of Water and Sanitation is claiming an amount R37 660 353 from the Municipality for raw water extraction costs. This amount is made up of a number of invoices, dating back as far as 2002. The Municipality has had extensive interactions with the Department, but this amount has not been finalised. The Municipality's Management is of the opinion that this amount is firstly grossly overstated and in some cases refers to areas outside the District's jurisdiction. An accrual of R10 531 551 for bulk water purchases has been made and this amount is considered to be due and payable to the Department. The net amount of the contingency is R27 128 802. The Municipality is in ongoing negotiations with the Department. The Department submitted a request to its Minister and Director General to write off the amount. This decision is still pending. The Department is also considering drought relief measures for the current year's raw water extraction costs. This decision is also pending.

A summons and a notice of intention has been filled against the municipality. This matter relates to an employee of the municipality had an accident and a house of a resident was damaged in the process. This matter is still pending in court.

272 555

There was an accident which occurred between a vehicle of Senqu Municipality and a truck driven by an employee of the Municipality. The insurance is claiming for damages from the municipality and the municipality is contesting the claim.

485 661

A claim was filed against the Municipality by a service provider for services rendered. Council has filed a counter claim. The Municipality considers the likelihood of the case being lost by the Municipality as being low. No court date has been set as on the reporting date.

800 000 800 000

53 RELATED PARTIES

No business transactions took place between the Municipality and management personnel and their close family members (including close members of family members) during the year under review.

53.1 Related Party Loans

Since 1 July 2004 loans to Councillors and Senior Management Employees are not permitted.

53.2 Compensation of management personnel

The compensation of management personnel is set out in note 27, 28 and to the financial statements.

53.3 Investment in Municipal Entity

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA) as set out in note 12 to the financial statements. The Municipality incurred expenditure on behalf of JoGEDA. Refer to note 14 for the detail of the balances.

The Municipality paid a grant to JoGEDA as disclosed in note 34.

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54 EXPLANATORY NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

54.1 ORIGINAL BUDGET vs FINAL BUDGET

General activities effecting the budget

The Municipality's Council approved the take over of the water and sanitation function from all the Local Municipalities. 2014/2015 was the first financial year to be responsible for the billing of Maletswai Local area and Senqu Local Area and Elundini and Gariep areas were taken over during the 2015/2016 year.

The municipality experienced some challenges with drought during the year with specific, Aliwal North and Elundini areas effected.

There were still limited historic data available in order to draft an accurate original budget. Subsequently, more accurate historic data became available during the year which was taken into account during the drafting of the final budget. The billing responsibility contributed mainly to the challenges experienced during the year.

Statement of Financial Position

The budget figures on receivable remains a challenge due to factors such as historic experience by consumers as well as ability to pay.

Current Liabilities were increased due to the following:

- Current Employee Benefits were increased in order to be in line with the audited outcome of 30 June 2016 and to take into account items which were not budgeted for in the original budget.
- Unspent Conditional Grants and Receipts were increased in order to take into account grants which will not be spent during 2015/2016. This was not budgeted for in the original budget.
- The Trade payables were increased due the continueos cash flow challenges of the Municipality

Non-Current Liabilities were increased due to the following:

- Non-Current Employee Benefits were increased in order to be in line with the audited outcome of 30 June 2016 and to take into account items which were not budgeted for in the original budget.
- Long-term Liabilities were also increased by as there was an intention to enter into a finance lease.

Statement of Financial Performance - Revenue

Capital Government Grants and Subsidies were increased due to following:

- Additional funding not initially included R3,5m

The allocation of monies for Working for water and wetlands led to an increase in the budget of Government services.

Statement of Financial Performance - Expenditure

Contracted Services was decreased due to the Municipality being able to perform the duties itself.

Operating Grant Expenditure was increased in order to accommodate additional operating grant funding received and correction of errors as discussed under "Statement of Financial Performance - Revenue"

General Expenses was increased to accommodate the take over of the water and sanitation functions and the drought challenges experienced during the year.

Operating Expenditure by vote

Changes noted was due to the reasons explained above effecting all votes within the municipality

Capital Expenditure by vote

Technical Services decreased due to an error initially in the original budget, funded by grants. The effect of VAT on the expenditures incurred.

54.2 ACTUAL AMOUNTS vs FINAL BUDGET

Statement of Financial Position

Total Current Assets exceeds the final budget due to increase in the consumer debtors due to low payment percentage.

Total Non-Current Assets is more than budget due to the unpaid grants at year end.

Total Current Liabilities is more due to cash flow challenges experienced towards end of the financial year not anticipated.

Total Non-Current Liabilities is less than budget due to no increase in long term liabilities as initially anticipated.

**JOE GQABI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Statement of Financial Performance - Revenue

Capital Government Grants is under collected due the fact that the Provincial Treasury drought monies allocated was not fully spent.

Billing was higher than anticipated and it was only the second year of billing.

Due to late receiving of funding, the Government services were underspent.

The overall Revenue ration is only 2,2% under the final budget

Statement of Financial Performance - Expenditure

Employee Related Costs are underspent . The Municipality had a number of vacant posts in the WSP, PMU, Disaster, BTO and OHS which was not filled during the year. This was due to budget constraints

Dept impairment is significantly more due to the second year billing as well as collection. This should improve towards the 2016/2017 year.

Contracted Services were underspent due to the municipality performing the function themselves as well as budget constraints.

General Expenses are underspent due to cash flow pressure and all departments implemented austerity measures.

The overall Revenue ration is only 0,3% under the final budget.

Cash Flow Statement

Net Cash from Operating Activities was lower than forecasted due to poor collection of outstanding debtors

Net Cash from Investing Activities was below expectations due to under expenditure on Assets

Operating Expenditure by vote

Not material variances

Capital Expenditure by vote

Technical Services is underspent on capital due to the Provincial Treasury Grant allocated not fully spent.

**APPENDIX A - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Maturity Date	Balance at 30 June 2014	Received during the period	Redeemed during the period	Balance at 30 June 2015
					R	R	R	R
ANNUITY LOANS								
DBSA - Building - c/o Graham and Cole street, Barkly East	11,5%	100878	6 monthly	31 Dec 2024	5 809 872	-	307 513	5 502 358
DBSA - Sanitation Infrastructure	10,00%	9980	6 monthly	30 Jun 2016	289 604	-	137 753	151 851
ABSA - Water meter loan	10,73%		6 monthly	1 March 2020	-	5 000 000	-	5 000 000
Total Annuity Loans					6 099 476	5 000 000	445 266	10 654 210
FINANCE LEASE								
ABSA - VEHICLES	Prime		Monthly	Various	-	9 875 798	1 851 418	8 024 380
Total Finance Leases					-	9 875 798	1 851 418	8 024 380
TOTAL EXTERNAL LOANS					6 099 476	14 875 798	2 296 684	18 678 589

**APPENDIX A - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Maturity Date	Balance at 30 June 2015	Received during the period	Redeemed during the period	Balance at 30 June 2016
					R	R	R	R
ANNUITY LOANS								
DBSA - Building - c/o Graham and Cole street, Barkly East	11,5%	100878	6 monthly	31 Dec 2024	5 502 358	-	342 307	5 160 051
DBSA - Sanitation Infrastructure	10,00%	9980	6 monthly	30 Jun 2016	151 851	-	151 851	-
ABSA - Water meter loan	10,73%		6 monthly	1 March 2020	5 000 000	-	801 126	4 198 874
Total Annuity Loans					10 654 210	-	1 295 285	9 358 925
FINANCE LEASE								
ABSA - VEHICLES	Prime		Monthly	Various	8 024 380	-	1 414 797	6 609 583
Total Finance Leases					8 024 380	-	1 414 797	6 609 583
TOTAL EXTERNAL LOANS					18 678 589	-	2 710 081	15 968 508

APPENDIX B - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2015

	Cost/Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Land and Buildings													
Land	2 043 000	-	-	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 639 048	-	-	-	-	-	-	15 639 048	4 191 402	582 480	-	4 773 883	10 865 166
	17 682 048	-	-	-	-	-	-	17 682 048	4 191 402	582 480	-	4 773 883	12 908 166
Infrastructure													
Sewerage Network	290 131 424	-	34 313 968	-	9 614 409	(3 167 192)	-	330 892 609	54 597 107	9 453 240	(1 486 138)	62 564 209	268 328 401
Water Network	945 048 087	-	83 209 891	-	243 096 808	(10 564 265)	-	1 260 790 520	185 033 275	30 239 293	(8 089 192)	207 183 376	1 053 607 143
	1 235 179 511	-	117 523 858	-	252 711 217	(13 731 457)	-	1 591 683 129	239 630 382	39 692 533	(9 575 330)	269 747 585	1 321 935 544
Other Assets													
Office Equipment	2 144 783	-	145 839	-	-	(3 639)	-	2 286 984	1 209 820	234 142	(385)	1 443 577	843 406
Furniture & Fittings	3 105 068	-	374 917	-	-	(1 559)	-	3 478 425	2 316 961	208 098	(1 392)	2 523 667	954 758
Motor Vehicles	7 333 917	501 673	9 875 798	3 874 382	-	(179 347)	17 935	17 030 367	3 489 919	1 685 954	(150 240)	5 025 633	12 004 734
Fire Engines	8 924 094	892 409	-	-	-	-	-	8 924 094	4 803 526	693 475	-	5 497 001	3 427 093
Computer Equipment	2 350 127	-	859 941	-	-	(45 890)	-	3 164 178	1 493 894	152 394	(16 917)	1 629 370	1 534 808
Special Vehicles	4 850 274	483 832	-	-	-	-	-	4 850 274	682 211	391 072	-	1 073 283	3 776 991
Tools and Equipment	1 842 611	-	1 186 098	-	-	(14 825)	-	3 013 884	1 199 242	137 894	(3 946)	1 333 191	1 680 693
	30 550 874	1 877 914	12 442 592	3 874 382	-	(245 260)	17 935	42 748 206	15 195 572	3 503 030	(172 880)	18 525 722	24 222 484
Total	1 283 412 433	1 877 914	129 966 451	3 874 382	252 711 217	(13 976 717)	17 935	1 652 113 384	259 017 357	43 778 043	(9 748 211)	293 047 189	1 359 066 194

APPENDIX B - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2016

	Cost/Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals and Impairments		Closing Balance
Land and Buildings													
Land	2 043 000	-	-	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 639 048	-	-	-	-	-	-	15 639 048	4 773 883	584 076	-	5 357 959	10 281 090
	17 682 048	-	-	-	-	-	-	17 682 048	4 773 883	584 076	-	5 357 959	12 324 090
Infrastructure													
Sewerage Network	321 278 200	-	939 728	-	37 828 115	-	-	360 046 043	62 564 209	9 707 858	-	72 272 067	287 773 976
Water Network	1 017 693 712	-	91 389 109	-	301 721 220	(940 923)	-	1 409 863 118	207 183 376	31 350 521	(660 407)	237 873 491	1 171 989 627
	1 338 971 912	-	92 328 836	-	339 549 335	(940 923)	-	1 769 909 160	269 747 585	41 058 379	(660 407)	310 145 557	1 459 763 603
Other Assets													
Office Equipment	2 286 984	-	12 800	-	-	-	-	2 299 784	1 443 577	206 629	-	1 650 206	649 577
Furniture & Fittings	3 478 425	-	217 919	-	-	-	-	3 696 344	2 523 667	144 296	-	2 667 963	1 028 381
Motor Vehicles	16 528 694	501 673	-	-	-	(450 067)	-	16 580 300	5 025 633	2 341 009	174 280	7 540 922	9 039 378
Fire Engines	8 031 685	892 409	-	-	-	-	-	8 924 094	5 497 001	695 205	-	6 192 206	2 731 888
Computer Equipment	3 279 552	-	173 916	-	-	(540 961)	-	2 912 507	1 636 581	141 271	(529 295)	1 248 557	1 663 949
Special Vehicles	4 366 443	483 832	-	-	-	(109 789)	-	4 740 485	1 073 283	392 143	(79 102)	1 386 323	3 354 162
Tools and Equipment	3 013 884	-	66 525	-	-	-	-	3 080 408	1 333 191	144 940	-	1 478 131	1 602 277
	40 985 666	1 877 914	471 159	-	-	(1 100 817)	-	42 233 922	18 532 932	4 065 494	(434 118)	22 164 309	20 069 613
Total	1 397 639 627	1 877 914	92 799 996	-	339 549 335	(2 041 740)	-	1 829 825 131	293 054 400	45 707 949	(1 094 524)	337 667 825	1 492 157 306

**APPENDIX C 2015 - Unaudited
JOE GQABI DISTRICT MUNICIPALITY**

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO. 56 OF 2003

	Balance 1 July 2014 R	Correction of error R	Restated 1 July 2014 R	Contributions during the year R	Paid back easury/Provide R	Foreign Exchange Gains R	Operating Expenditure Transferred to Revenue R	Capital Expenditure Transferred to Revenue R	Balance 30 June 2015 R	Unspent 30 June 2015 (Creditor) R	Unpaid 30 June 2015 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS											
National Government Grants											
Accelerated Community Infrastructure Programme	(85 102)		(85 102)	-	-	-	-	-	(85 102)	-	(85 102)
Municipal Infrastructure Grant (MIG)	19 525 842		19 525 842	171 469 000	-	-	(75 486 434)	(91 873 510)	23 634 898	23 634 898	-
Department Water Affairs	(5 749)		(5 749)	-	-	-	-	-	(5 749)	-	(5 749)
Emergency Drought Relief	(49 560 760)		(49 560 760)	-	49 560 760	-	-	-	-	-	-
EPWP Programme	-		-	1 309 000	-	-	(1 309 437)	-	(437)	-	(437)
Equitable Share	-		-	194 848 000	-	-	(194 848 000)	-	-	-	-
Finance Management Grant (FMG)	2 459		2 459	1 250 000	-	-	(1 252 424)	-	35	35	-
Municipal Systems Improvement Grant (MSIG)	-		-	934 000	-	-	(932 878)	-	1 122	1 122	-
Public Works - Special Programme	(461 004)		(461 004)	25 302 627	-	-	(30 034 952)	-	(5 193 329)	-	(5 193 329)
Water Services Operating Subsidy	4 612 134		4 612 134	10 000 000	-	-	-	(14 577 701)	34 433	34 433	-
Municipal Water Infrastructure Grant (MWIG)	(2 290)		(2 290)	20 009 000	-	-	(3 808 350)	(16 184 250)	14 110	14 110	-
RBIG	-		-	454 175	-	-	-	(2 177 404)	(1 723 229)	-	(1 723 229)
Department of Human Settlement	-		-	-	-	-	-	(5 134 499)	(5 134 499)	-	(5 134 499)
Rural Households Infrastructure Grant	4 000		4 000	-	-	-	-	-	4 000	4 000	-
Total National Government Grants	(25 970 470)	-	(25 970 470)	425 575 802	49 560 760	-	(307 672 475)	(129 947 364)	11 546 253	23 688 598	(12 142 345)
Provincial Government Grants											
Disaster Management Forum	36 115	(36 115)	-	-	-	-	-	-	-	-	-
Disaster Management Establishment of Centres	5 449 773	(5 449 773)	-	-	-	-	-	-	-	-	-
Disaster Management Plan	1 497 929	(1 497 929)	-	-	-	-	-	-	-	-	-
Disaster Management Fire & Emergency Services	1 667 736	(1 667 736)	-	-	-	-	-	-	-	-	-
Disaster Management Policy Framework	338 434	(338 434)	-	-	-	-	-	-	-	-	-
LED Capacity	381 528		381 528	-	-	-	(381 528)	-	-	-	-
DWA Bylaws	100 548		100 548	-	-	-	(100 548)	-	-	-	-
Environmental Health Practitioners	(2 735 232)		(2 735 232)	711 844	-	-	-	-	(2 023 388)	-	(2 023 388)
Rural Roads Asset Management Grant	28 991		28 991	2 084 000	-	-	(2 083 528)	-	29 463	29 463	-
Total Provincial Government Grants	6 765 822	(8 989 987)	(2 224 165)	2 795 844	-	-	(2 565 604)	-	(1 993 924)	29 463	(2 023 388)
Other Grant Providers											
DBSA Municipal Support Framework	(697 907)		(697 907)	-	697 907	-	-	-	-	-	-
LG Seta	(252)		(252)	1 071 875	-	-	(1 314 583)	-	(242 960)	-	(242 960)
Orio	(1 332 169)		(1 332 169)	1 308 386	-	23 783	-	-	(0)	-	(0)
Total Other Grant Providers	(2 030 328)	-	(2 030 328)	2 380 261	697 907	23 783	(1 314 583)	-	(242 960)	-	(242 960)
TOTAL	(21 234 976)	(8 989 987)	(30 224 963)	430 751 907	50 258 667	23 783	(311 552 662)	(129 947 364)	9 309 368	23 718 061	(14 408 693)

APPENDIX C 2016 - Unaudited
JOE GQABI DISTRICT MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO. 56 OF 2003

GRANT WORKING PAPER	Balance 1 July 2015 R	Correction of error R	Restated 1 July 2015 R	Contributions during the year R	Paid back easury/Provide R	Foreign Exchange Gains R	Operating Expenditure Transferred to Revenue R	Capital Expenditure Transferred to Revenue R	Balance 30 June 2016 R	Unspent 30 June 2016 (Creditor) R	Unpaid 30 June 2016 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS											
<u>National Government Grants</u>											
Accelerated Community Infrastructure Programme	(85 102)		(85 102)						(85 102)	-	(85 102)
Municipal Infrastructure Grant (MIG)	23 634 898		23 634 898	154 270 000	-	-	(74 614 834)	(105 822 362)	(2 532 298)	-	(2 532 298)
Department Water Affairs	(5 749)		(5 749)	-	-	-	-	-	(5 749)	-	(5 749)
EPWP Programme	(437)		(437)	1 379 000	-	-	(1 408 561)	-	(29 998)	-	(29 998)
Equitable Share	-		-	209 607 700			(209 607 700)		-	-	-
Finance Management Grant (FMG)	35		35	1 250 000	(35)	-	(1 250 139)	-	(139)	-	(139)
Municipal Systems Improvement Grant (MSIG)	1 122		1 122	940 000	(1 122)	-	(940 200)	-	(200)	-	(200)
Public Works - Special Programme	(5 193 329)		(5 193 329)	27 093 577	-	-	(25 784 141)	-	(3 883 893)	-	(3 883 893)
Water Services Operating Subsidy	34 433		34 433	5 000 000	(34 433)	-	-	(4 001 442)	998 558	998 558	-
Municipal Water Infrastructure Grant (MWIG)	14 110		14 110	25 011 000	(14 110)	-	(7 761 529)	(17 260 798)	(11 327)	-	(11 327)
RBIG	(1 723 229)		(1 723 229)	2 331 511	-	-	-	(4 844 191)	(4 235 910)	-	(4 235 910)
Department of Human Settlement	(5 134 499)		(5 134 499)	-	-	-	-	(350 991)	(5 485 490)	-	(5 485 490)
Rural Households Infrastructure Grant	4 000		4 000	-	-	-	-	-	4 000	4 000	-
Total National Government Grants	11 546 253	-	11 546 253	426 882 788	(49 700)	-	(321 367 105)	(132 279 784)	(15 267 548)	1 002 558	(16 270 106)
<u>Provincial Government Grants</u>											
Environmental Health Practitioners	(2 023 388)		(2 023 388)	-	-	-	-	-	(2 023 388)	-	(2 023 388)
Provincial Treasury drought relief programme	-		-	58 110 150	-	-	-	(71 077 104)	(12 966 954)	-	(12 966 954)
Rural Roads Asset Management Grant	29 463		29 463	2 080 000	-	-	(2 095 856)	-	13 607	13 607	-
DEDEAT				800 000			(800 000)		-		
Total Provincial Government Grants	(1 993 924)	-	(1 993 924)	60 990 150	-	-	(2 895 856)	(71 077 104)	(14 976 734)	13 607	(14 990 342)
<u>Other Grant Providers</u>											
LG Seta	(242 960)		(242 960)	1 181 569	-	-	(953 224)	-	(14 615)	-	(14 615)
Total Other Grant Providers	(242 960)	-	(242 960)	1 181 569	-	-	(953 224)	-	(14 616)	-	(14 616)
TOTAL	9 309 368	-	9 309 368	489 054 507	(49 700)	-	(325 216 185)	(203 356 888)	(30 258 897)	1 016 165	(31 275 063)