



Mopani District Municipality
(Demarcation code DC33)
Financial statements
for the year ended 30 June 2016

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

General Information

Nature of business and principal activities

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

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

Executive Mayor

Councillor Rakgoale N.C

Speaker

Councillor Sedibeng D.W

Chief Whip

Councillor Mushwana O.J

Mayoral Committee

Councillor Ndove D.L

Councillor Makhurupetsi - Malaŋji M.N

Councillor Mametja M.R

Councillor Nkuna C

Councillor Ramaremela T.P

Councillor Moshobane S.H

Councillor Hlatswayo C

Councillor Sibiya M

MPAC Chairperson

Councillor Nkanyani R.P

Other Councillors

Councillor Mathonsi N.V (Replaced)

Councillor Lewele M.M

Councillor Machethe L.N

Councillor Maloko M.L

Councillor Ngobeni A

Councillor Mabasa M.H

Councillor Raganya M.P

Councillor Monyela K.J

Councillor Mokoete S.G

Councillor Cronje P.W

Councillor Mabunda M.A

Councillor Makhubele M

Councillor Moshwana T.J

Councillor Rikhotso M.Q

Councillor Mushwana D.G

Councillor Mohale N.L

Councillor Mbhalati J.H.S

Councillor Mokgobi M.L

Councillor Makwala S.C

Councillor Mafona M.E

Councillor Selowa M.G

Councillor Senyolo T.J

Councillor Mamogale M.C

Councillor Mohlala M.F

Councillor Mabale S.P

Councillor Mantlaka A.M

Councillor Mashele M.B

Councillor Flemming C.L

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	Councillor Malesa M.G Councillor Makwala M.O Councillor Mashele J.G Councillor Magoro M.C Councillor Mokgolobotho M.J Councillor Mathebula M.V Councillor Manganyi T.C Councillor Fuela H Councillor Mbhalati M.F Councillor Mashatola M.Q
Grading of local authority	4
Accounting Officer	Tsebe M.S (Acting)
Chief Finance Officer	Kgatla Q
Registered office	Government Building Main Road Giyani 0826
Business address	Government Building Main Road Giyani 0826
Postal address	Private Bag X9687 Giyani 0826
Website	www.mopani.gov.za
Currency	South African Rands
Rounding off	Nearest Rand
Bankers	ABSA
Auditors	Auditor General of South Africa
Audit Committee	Manzini H.N (Chairperson) Kholong S.S.T Hlomane H.G Mudau F.S Nevhutalu T

Mopani District Municipality

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General Information

Lawyers

Leepile & Mbewe Inc
T.J Machethe Attorneys
Maloka Thulare Attorneys
Mbewe & Associates
Mogaswa Incorporate
Magabe Attorneys
Modjadji Raphesu Attorneys
SML Matsaung Attorneys
Verveen Attorneys
Talane Associates

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Abbreviations

ABSA	Amalgamated Banks of South Africa
AFS	Annual Financial Statements
CFO	Chief Financial Officer
CoGHSTA	Cooperative Governance Human Settlements and Traditional Affairs
COID	Compensation for Occupational Injuries and Diseases
DWAS	Department of Water and Sanitation
EPWP	Extended Public Works Programme
FIFO	First-in-first-out
FMG	Finance Mangement Grant
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IMFO	Institute of Municipal Finance Officers
IT	Information Technology
JSE	Johannesburg Stock Exchange
LP	Limpopo Province
LGW SETA	Local Government Sector Education and Training Authority
LWN	Lepelle Northern Water
LMs	Local Municipality
LSA	Long Service Award
MDM	Mopani District Municipality
MFMA	Municipal Finance Management Act (Act No 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
MWIG	Municipal Water Infrastructure Grant
PMDS	Perfomance Management and Development System
PPE	Property, Plant and Equipment
PAYE	Pay as you earn
RHIG	Rural Housing Grant
SDL	Skills Development Levy
SALGABC	South African Local Gorvenment Bargaining Council
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund

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VAT	Value Added Tax
WSA	Water Service Authority
WSOG	Water Services Operating Grant

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Financial Statements for the year ended 30 June 2016

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The financial statements set out on pages 8 to 62, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed on its behalf by:

Accounting Officer
Tsebe M.S

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2016.

1. Review of activities

Main business and operations

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

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

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

Net surplus of the municipality was 527 518 337 (2015: surplus 67 874 157).

2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. As at 30 June 2016, the municipality's current liabilities exceeds current assets by R309 564 829. Even though the current liabilities exceed the current assets the municipality is a going concern because of the following reasons:-

- a) There is a guaranteed funding from National Treasury in a form of equitable shares;
- b) There is no change in the legislation that impact on the municipality's ability to continue as a going concern;
- c) There is plans to ensure that there is effective spending of funds.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year. National Treasury redirected an amount of R150 000 000.00 from the municipality's MIG allocation to other implementing agents for MIG projects. The Municipality appointed a new council on the 10th August 2016.

4. Accounting policies

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

5. Accounting Officer

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

Name	Nationality
Tsebe M.S (Acting Municipal Manager)	South African

6. Bankers

ABSA Bank

7. Auditors

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Inventories	6	23 653 321	17 943 825
Receivables from exchange transactions	7	158 452 962	233 268 717
VAT receivable	8	146 774 293	105 596 069
Consumer debtors	9	552 632 276	370 250 526
Cash and cash equivalents	10	109 357 699	114 326 792
Total Current Assets		990 870 551	841 385 929
Non-Current Assets			
Property, plant and equipment	3	4 707 900 330	4 612 690 075
Intangible assets	4	9 100 009	9 607 654
Heritage assets	5	432 000	432 000
Non-current Asset held for sale		15 504	15 504
Total Non - Current Assets		4 717 447 843	4 622 745 233
Non-Current Assets		4 717 447 843	4 622 745 233
Current Assets		990 870 551	841 385 929
Total Assets		5 708 318 394	5 464 131 162
Liabilities			
Current Liabilities			
Finance lease obligation	12	1 061 084	1 064 138
Payables from exchange transactions	15	1 169 022 749	938 065 118
Bonus Provision	16	6 477 726	5 789 887
Consumer deposits	17	6 363 945	6 360 318
Unspent conditional grants and receipts	13	76 198 815	65 235 343
Provisions	14	41 311 061	34 504 563
Total Current Liabilities		1 300 435 380	1 051 019 367
Non-Current Liabilities			
Provisions	14	78 699 729	70 289 815
Non-Current Liabilities		78 699 729	70 289 815
Current Liabilities		1 300 435 380	1 051 019 367
Total Liabilities		1 379 135 109	1 121 309 182
Assets		5 708 318 394	5 464 131 162
Liabilities		(1 379 135 109)	(1 121 309 182)
Net Assets		4 329 183 285	4 342 821 980
Accumulated surplus	11	4 329 183 285	4 342 821 978

The accounting policies on pages 18 to 31 and the notes on pages 31 to 61 form an integral part of the financial statements.

* See Note 38

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Statement of Financial Performance as at 30 June 2016

		2016	2015 Restated*
	Note(s)		
Revenue			
Service charges	19	268 609 706	193 761 274
Interest received on outstanding receivables		85 901 369	15 905 432
Other income	22	3 140 805	2 909 309
Interest received		11 789 930	3 405 705
Government grants & subsidies	20	898 058 184	704 956 596
Total revenue		1 267 499 994	920 938 316
Expenditure			
Employee costs	24	(297 128 856)	(251 795 610)
Remuneration of Councillors	25	(12 395 761)	(14 287 171)
Regional bulk infrastructure projects expenditure	26	(22 532 576)	(13 564 075)
Mopani household sanitation		(319 911)	(3 321 949)
Depreciation and amortisation	29	(174 396 845)	(165 947 321)
Auditors Remuneration	23	(4 255 713)	(3 774 462)
Interest cost	30	(1 843 130)	(461 993)
Debt Impairment	27	359 950 308	(2 776 708)
Repairs and maintenance		(106 067 537)	(90 986 663)
Bulk purchases	33	(327 068 975)	(186 532 674)
Contracted services	31	(32 645 288)	(23 382 435)
Grants and subsidies paid	32	(2 193 310)	(4 395 552)
General expenses	23	(117 958 697)	(91 660 529)
Total expenditure		(738 856 291)	(852 887 142)
Total revenue		1 267 499 994	920 938 316
Total expenditure		(738 856 291)	(852 887 142)
Operating surplus		528 643 703	68 051 174
Loss on disposal of assets and liabilities		(1 125 366)	(177 017)
Operating surplus/deficit		(1 125 366)	(177 017)
Surplus before taxation		527 518 337	67 874 157
Taxation		-	-
Surplus for the year		527 518 337	67 874 157

* See Note 38

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets as at 30 June 2016

	Accumulated surplus	Total
Balance at 01 July 2014	4 274 947 821	4 274 947 821
Surplus for the year	67 874 157	67 874 157
Total changes	67 874 157	67 874 157
Restated* Balance at 01 July 2015	3 801 664 948	3 801 664 948
Surplus for the year	527 518 337	527 518 337
Total changes	527 518 337	527 518 337
Balance at 30 June 2016	4 329 183 285	4 329 183 285
Note(s)		

* See Note 38

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Cash Flow Statement as at 30 June 2016

	2016	2015
Note(s)		Restated*
Cash flows from operating activities		
Receipts		
Grants	898 072 537	666 607 189
Interest income	11 789 930	3 405 705
Other receipts	903 520	2 281 233
Total receipts	910 765 987	672 294 127
Payments		
Employee costs	(270 725 348)	(230 657 970)
Suppliers	(371 508 586)	(96 918 322)
Interest paid	(1 843 130)	(461 993)
Total payments	(644 077 064)	(328 038 285)
Total receipts	910 765 987	672 294 127
Total payments	(644 077 064)	(328 038 285)
Net cash flows from operating activities	34 266 688 923	344 255 842
Cash flows from investing activities		
Purchase of property, plant and equipment (Including Work in Progress)	3 (271 171 542)	(311 807 086)
Purchase of intangible assets	4 (480 000)	-
Net cash flows from investing activities	(271 651 542)	(311 807 086)
Cash flows from financing activities		
Finance lease payments	(6 474)	(1 248 245)
Net increase in cash and cash equivalents	(4 969 093)	31 200 511
Cash and cash equivalents at the beginning of the year	114 326 792	83 126 281
Cash and cash equivalents at the end of the year	10 109 357 699	114 326 792

* See Note 38

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Differences
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	131 968 000	90 519 000	222 487 000	268 609 706	46 122 706	-30.66
Interest received outstanding receivables	23 567 000	-	23 567 000	85 901 369	62 334 369	248.16
Other income	60 544 000	(13 858 000)	46 686 000	3 140 805	(43 545 195)	-93.19
Interest received	2 850 000	6 100 000	8 950 000	11 789 930	2 839 930	131.73
Total revenue from exchange transactions	218 929 000	82 761 000	301 690 000	369 441 810	67 751 810	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	635 448 000	66 262 000	701 710 000	898 058 184	196 348 184	127.9
'Total revenue from exchange transactions'	218 929 000	82 761 000	301 690 000	369 441 810	67 751 810	
'Total revenue from non-exchange transactions'	635 448 000	66 262 000	701 710 000	898 058 184	196 348 184	
Total revenue	854 377 000	149 023 000	1 003 400 000	1 267 499 994	264 099 994	
Expenditure						
Personnel	(369 599 000)	16 275 000	(353 324 000)	(297 128 856)	56 195 144	-17.57
Remuneration of councillors	(12 038 000)	(1 161 000)	(13 199 000)	(12 395 761)	803 239	-6.06
Regional Bulk Water Infrastructure Projects Expenditure	-	-	-	(22 532 576)	(22 532 576)	-100
Mopani Household Sanitation	-	-	-	(319 911)	(319 911)	-100
Depreciation and amortisation	(173 253 000)	-	(173 253 000)	(174 396 845)	(1 143 845)	0
Interest cost	-	-	-	(1 843 130)	(1 843 130)	100
Dept Impairment	(20 077 000)	-	(20 077 000)	359 950 308	380 027 308	-57.83
Repairs and maintenance	(110 337 000)	(92 046 000)	(202 383 000)	(106 067 537)	96 315 463	-9.36
Bulk purchases	(193 191 000)	57 792 000	(135 399 000)	(327 068 975)	(191 669 975)	162.8
Contracted Services	(12 177 000)	(1 019 000)	(13 196 000)	(32 645 288)	(19 449 288)	112.2
Transfers and Subsidies	-	-	-	(2 193 310)	(2 193 310)	
General Expenses	(151 510 000)	(4 575 000)	(156 085 000)	(122 214 410)	33 870 590	-35.97
Total expenditure	(1 042 182 000)	(24 734 000)	(1 066 916 000)	(738 856 291)	328 059 709	
Total Revenue	854 377 000	149 023 000	1 003 400 000	1 267 499 994	264 099 994	
Total Expenditure	(1 042 182 000)	(24 734 000)	(1 066 916 000)	(738 856 291)	328 059 709	
Operating surplus	(187 805 000)	124 289 000	(63 516 000)	528 643 703	592 159 703	
Loss on disposal of assets and liabilities	-	-	-	(1 125 366)	(1 125 366)	
	(187 805 000)	124 289 000	(63 516 000)	528 643 703	592 159 703	
	-	-	-	(1 125 366)	(1 125 366)	
Surplus before taxation	(187 805 000)	124 289 000	(63 516 000)	527 518 337	591 034 337	
Deficit before taxation	(187 805 000)	124 289 000	(63 516 000)	527 518 337	591 034 337	
Taxation	-	-	-	-	-	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Differences
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(187 805 000)	124 289 000	(63 516 000)	527 518 337	591 034 337	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Differences
Statement of Financial Position						
Assets						
Current Assets						
Inventories	49 459 000	-	49 459 000	23 653 321	(25 805 679)	(67%)
Receivables from exchange transactions	275 634 000	-	275 634 000	158 452 962	(117 181 038)	100%
VAT receivable	34 173 000	-	34 173 000	146 774 293	112 601 293	100%
Consumer debtors	263 444 000	-	263 444 000	552 632 276	289 188 276	(12%)
Cash and cash equivalents	34 973 000	-	34 973 000	109 357 699	74 384 699	243%
	657 683 000	-	657 683 000	990 870 551	333 187 551	
Non-Current Assets						
Property, plant and equipment	4 766 275 000	-	4 766 275 000	4 707 900 330	(58 374 670)	(0.8%)
Intangible assets	10 900 000	-	10 900 000	9 100 009	(1 799 991)	(7%)
Heritage assets	432 000	-	432 000	432 000	-	100%
Non-current Asset held for sale	-	-	-	15 504	15 504	
	4 777 607 000	-	4 777 607 000	4 717 447 843	(60 159 157)	
Non-Current Assets	657 683 000	-	657 683 000	990 870 551	333 187 551	
Current Assets	4 777 607 000	-	4 777 607 000	4 717 447 843	(60 159 157)	
Total Assets	5 435 290 000	-	5 435 290 000	5 708 318 394	273 028 394	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	1 061 084	1 061 084	100%
Payables from exchange transactions	211 824 000	-	211 824 000	1 169 022 749	957 198 749	360%
Consumer deposits	4 366 000	-	4 366 000	6 363 945	1 997 945	(35%)
Unspent conditional grants and receipts	-	-	-	76 198 815	76 198 815	100%
Provisions	-	-	-	41 311 061	41 311 061	(3%)
Leave Provision	25 180 000	-	25 180 000	-	(25 180 000)	
	241 370 000	-	241 370 000	1 293 957 654	1 052 587 654	
Non-Current Liabilities						
Provisions	-	36 609 000	36 609 000	78 699 729	42 090 729	(8%)
	241 370 000	-	241 370 000	1 293 957 654	1 052 587 654	
	-	36 609 000	36 609 000	78 699 729	42 090 729	
	-	-	-	-	-	
Total Liabilities	241 370 000	36 609 000	277 979 000	1 372 657 383	1 094 678 383	
Assets	5 435 290 000	-	5 435 290 000	5 708 318 394	273 028 394	
Liabilities	(241 370 000)	(36 609 000)	(277 979 000)	(1 372 657 383)	(1 094 678 383)	
Net Assets	5 193 920 000	(36 609 000)	5 157 311 000	4 335 661 011	(821 649 989)	

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Differences
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	5 156 879	-	5 156 879	4 432 345 139	4 427 188 260	(15%)
	5 156 879	-	5 156 879	4 432 345 139	4 427 188 260	
Non-controlling interest	5 188 763 121	(36 609 000)	5 152 154 121	(96 684 128)	5 248 838 249	
Total Net Assets	5 193 920 000	(36 609 000)	5 157 311 000	4 335 661 011	(821 649 989)	

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Differences
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	155 535 000	-	155 535 000	-	(155 535 000)	
Grants	1 082 601 000	(80 205 000)	1 002 396 000	-	(1 002 396 000)	
Interest income	26 407 000	-	26 407 000	-	(26 407 000)	
Other receipts	60 544 000	-	60 544 000	-	(60 544 000)	
	1 325 087 000	(80 205 000)	1 244 882 000		-(1 244 882 000)	
Payments						
Suppliers	(830 448 000)	(43 138 000)	(873 586 000)	-	873 586 000	
Total receipts	1 325 087 000	(80 205 000)	1 244 882 000	-	(1 244 882 000)	
Total payments	(830 448 000)	(43 138 000)	(873 586 000)	-	873 586 000	
Net cash flows from operating activities	494 639 000	(123 343 000)	371 296 000	-	(371 296 000)	
Cash flows from investing activities						
Purchase of property, plant and equipment	528 255 000	(153 059 000)	375 196 000	-	(375 196 000)	
Net increase/(decrease) in cash and cash equivalents	1 022 894 000	(276 402 000)	746 492 000	-	(746 492 000)	
Cash and cash equivalents at the beginning of the year	83 126 000	-	83 126 000	-	(83 126 000)	
Effect of exchange rate movement on cash balances	49 510 000	(14 142 000)	35 368 000	-	(35 368 000)	
Cash and cash equivalents at the end of the year	1 155 530 000	(290 544 000)	864 986 000	-	(864 986 000)	

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

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

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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1.4 Property, plant and equipment (continued)

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

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

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

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Accounting Policies

1.5 Intangible assets (continued)

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Licenses	3 years
Computer software, other	3 years
Blyde Water Utility	20 years

1.6 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.6 Heritage assets (continued)

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

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

1.7 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

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

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Accounting Policies

1.7 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.8 Leases

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

Mopani District Municipality

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Accounting Policies

1.8 Leases (continued)

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

1.9 Inventories

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

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

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

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

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

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

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

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

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

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

1.10 Construction contracts and receivables

1.10.1 Change in accounting estimate

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

Contractor is an entity that performs construction work pursuant to a construction contract.

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

1.10.2 Change in accounting Policy

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

1.10.3 Prior period Errors

Prior period errors are omissions from and misstatements in the municipality's financial statements for one or more prior periods arising from a failure to use or misuse of reliable information that

- (a) was available when financial statements for those periods were authorised for issue and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud

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Accounting Policies

1.10 Construction contracts and receivables (continued)

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

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

Useful life is either:

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

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

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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Accounting Policies

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

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

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

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

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

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

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

Useful life is either:

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

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

1.13 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.14 Employee benefits

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

Mopani District Municipality

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Accounting Policies

1.15 Provisions and contingencies (continued)

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

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

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

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

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

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

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

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.16 Revenue from exchange transactions

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

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.16 Revenue from exchange transactions (continued)

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

1.17 Revenue from non-exchange transactions

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

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

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

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

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

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

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

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

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.20 Unauthorised expenditure (continued)

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

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

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Budget information

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

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.23 Budget information (continued)

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

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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

1.24 Related parties

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

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

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

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

1.25 Other accounting policy 1

2. New standards and interpretations

3. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	11 980 776	-	11 980 776	11 980 776	-	11 980 776
Buildings	229 200 144	(65 098 072)	164 102 072	229 003 499	(57 551 076)	171 452 423
Infrastructure	7 597 319 261	(3 103 795 925)	4 493 523 336	7 327 873 003	(2 942 549 108)	4 385 323 895
Other PPE	60 291 980	(22 000 631)	38 291 349	58 997 763	(16 034 561)	42 963 202
Leased assets	32 725	(29 928)	2 797	5 065 008	(4 095 229)	969 779
Total	7 898 824 886	(3 190 924 556)	4 707 900 330	7 632 920 049	(3 020 229 974)	4 612 690 075

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Under Construction	Disposal	Depreciation	Impairment	Total
Land	11 980 776	-	-	-	-	-	11 980 776
Buildings	171 452 423	-	196 645	-	(7 546 996)	-	164 102 072
Infrastructure	4 385 323 895	86 873 429	182 572 829	-	(161 246 817)	-	4 493 523 336
Other PPE	42 963 202	1 532 059	-	(83 200)	(3 648 127)	(2 472 585)	38 291 349
Leased assets	969 779	-	-	-	-	(966 982)	2 797
	4 612 690 075	88 405 488	182 769 474	(83 200)	(172 441 940)	(3 439 567)	4 707 900 330

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Under Construction	Disposals	Depreciation	Impairment loss	Total
Land	11 980 776	-	-	-	-	-	11 980 776
Buildings	112 735 061	-	65 692 144	-	(6 974 782)	-	171 452 423
Infrastructure	4 294 064 549	84 394 733	160 454 793	-	(153 590 180)	-	4 385 323 895
Other PPE	46 045 239	1 265 416	-	(192 521)	(4 137 005)	(17 857)	42 963 202
Leased Assets	2 211 713	3 420	-	-	(1 245 354)	-	969 779
	4 467 037 338	85 663 569	226 146 937	(192 521)	(165 947 321)	(17 857)	4 612 690 075

Pledged as security

None of the above Property, Plant and Equipment was pledged as security

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016 2015

4. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 577 760	(753 732)	824 028	1 097 760	(465 469)	632 291
Blyde Water Utility	13 991 354	(5 715 373)	8 275 981	13 991 354	(5 015 991)	8 975 363
Total	15 569 114	(6 469 105)	9 100 009	15 089 114	(5 481 460)	9 607 654

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	632 291	480 000	(288 263)	824 028
Blyde Water Utility	8 975 363	-	(699 382)	8 275 981
Total	9 607 654	480 000	(987 645)	9 100 009

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	1 097 760	(465 469)	632 291
Blyde Water Utility	13 991 354	(5 015 991)	8 975 363
Total	15 089 114	(5 481 460)	9 607 654

5. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	432 000	-	432 000	432 000	-	432 000

Reconciliation of heritage assets 2016

	Opening balance	Total
Mayoral chain	432 000	432 000

Reconciliation of heritage assets 2015

	Opening balance	Total
Mayoral Chain	432 000	432 000

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016 2015

5. Heritage assets (continued)

Restrictions on heritage assets

[For each class of applicable heritage assets, disclose the existence and amounts of restrictions on title and disposal of heritage assets]

Carrying value of heritage assets with restrictions:

6. Inventories

Consumable stores	13 381 398	16 737 132
Ba - Phalaborwa Municipality	8 260 070	-
Greater Giyani Municipality	996 429	1 145 914
Greater Tzaneen Municipality	55 689	53 074
Greater Letaba Municipality	959 735	7 705
Total	23 653 321	17 943 825

Write-downs

Amounts written off

Write off	50 000	-
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7. Receivables from exchange transactions

Staff debtors	495 869	273 051
PMDS and pay progression	5 751 664	5 751 664
Audit committee proportion - LM's	2 612 341	2 612 341
Councillors	170 168	170 168
Service providers	1 009 189	883 837
Bursaries (Greater Tzaneen)	1 895 852	1 409 120
Ba - Phalaborwa municipality	133 471 281	213 393 353
Greater Giyani municipality	9 867 016	6 907 297
Department of Water Affairs	3 179 582	1 867 886
Total	158 452 962	233 268 717

Included in the PMDS & pay progression are overpayments made to officials transferred from DWA. The high value of receivables of Ba - Phalaborwa municipality pertains to water related transactions billed and collected on behalf of Mopani district municipality as per the Water Service Provider agreements.

8. VAT receivable

VAT	146 774 293	105 596 069
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Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
9. Consumer debtors		
Gross balances		
Water	632 359 998	541 957 858
Sewerage	127 407 986	105 165 998
Total gross balances	759 767 984	647 123 856
Less: Allowance for impairment		
Water	(167 672 962)	(240 554 075)
Sewerage	(39 462 746)	(36 319 255)
Total allowance for impairments	(207 135 708)	(276 873 330)
Net balance		
Water	464 687 036	301 403 783
Sewerage	87 945 240	68 846 743
Total net balance	552 632 276	370 250 526
Water		
Current (0 -30 days)	17 621 031	13 252 117
31 - 60 days	13 083 919	8 432 645
61 - 90 days	12 906 833	9 523 803
91 - 120 days	11 023 856	7 344 127
121 - 365 days	89 688 141	85 954 445
> 365 days	488 556 141	417 450 721
Impairment	(168 192 885)	(240 554 075)
Total	464 687 036	301 403 783
Sewerage		
Current (0 -30 days)	2 900 081	2 305 218
31 - 60 days	2 398 132	1 753 946
61 - 90 days	2 359 930	1 625 675
91 - 120 days	2 112 555	1 593 064
121 - 365 days	17 114 000	18 103 712
> 365 days	141 423 494	79 784 353
Impairment	(80 362 952)	(36 319 225)
Total	87 945 240	68 846 743
Reconciliation of allowance for impairment		
Balance at beginning of the year	(373 353 732)	(276 873 330)
Contributions to allowance	166 218 024	-
Total	(207 135 708)	(276 873 330)
Consumer debtors per local municipality		
Consumer debtors	-	-
Ba - Phalaborwa Municipality	435 264 743	465 958 673
Greater Tzaneen Municipality	66 634 364	79 758 156
Greater Giyani Municipality	66 316 043	54 853 513
Greater Letaba Municipality	46 455 486	38 005 364
Maruleng Municipality	1 433 534	1 711 905
Total	616 104 170	640 287 611

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	16 804 189	7 855 400
Short-term deposits	92 553 510	106 471 392
	109 357 699	114 326 792

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA BANK - Account Type - 405-277-1364	16 804 189	7 855 400	20 980 815	16 804 189	7 855 400	20 980 815
ABSA BANK - Account Type - 408-091-1671	39 514 968	81 446 221	62 145 466	19 876 340	81 446 221	62 145 466
ABSA BANK - Account Type - 408-091-1613	53 038 542	25 025 171	-	72 677 170	25 025 171	-
Total	109 357 699	114 326 792	83 126 281	109 357 699	114 326 792	83 126 281

11. Accumulated surplus

12. Finance lease obligation

Minimum lease payments due

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

Present value of minimum lease payments	1 061 085	1 064 139
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Present value of minimum lease payments due

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

	1 061 085	1 064 139
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It is municipality policy to lease certain equipment under operation leases.

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

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

DWA Refurbishment Grant	-	23 200 000
Municipal Infrastructure Grant (MIG)	75 662 544	30 900 000
Rural Transport Grant	85 785	167 206
LP Health Grant	450 486	-
Forencis Audit Grant	-	10 968 137
Total	76 198 815	65 235 343

See **note 17** for the reconciliation of grants from other subsidies of government

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016 2015

14. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Post retirement medical aid benefits	55 499 990	6 668 469	62 168 459
Long service awards	49 294 388	8 547 943	57 842 331
Total	104 794 378	15 216 412	120 010 790

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Post retirement medical aid benefits	10 134 709	46 808 554	(1 443 273)	55 499 990
Longs service awards	28 174 280	21 120 108	-	49 294 388
Total	38 308 989	67 928 662	(1 443 273)	104 794 378

Non-current liabilities	78 699 729	70 289 815
Current liabilities	41 311 061	34 504 563
	120 010 790	104 794 378

Post retirement medical aid benefits

An actuarial valuation has been performed in respect of benefits to eligible retirees and current retirees.

Long service awards

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

Table 3.1 Description

Description	Completed Service (in Years)	Long Service Bonuses (% of Annual Salary)
10 / 250 x annual salary	10	4
20 / 250 x annual salary	15	8
30 / 250 x annual salary	20	12
	45	24

History of liabilities, assets and experience adjustments

History of liabilities and assets

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

	Year ended 30/06/2013	Year ended 30/06/2014	Year ended 30/06/2015	Year ended 30/06/2016
Accrued Liability	11 768 048	12 422 520	12 737 431	14 157 203

History of experience adjustments (gains/losses)

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016 2015

14. Provisions (continued)

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

Table below: History of experience adjustments: (Gains) and Losses

	Year ended 30/06/2013	Year ended 30/06/2014	Year ended 30/06/2015	Year ended 30/06/2016
Liability: (Gain) / Loss	143 778	563 365	500 576	1 840 422

Past and Future Changes in the Accrued Liability

The table below shows the development of the Accrued Liability over the current period, and projects the Employer's Unfunded Accrued Liability and periodic costs over the two-year period following the Valuation Date.

These projections assume that the LSA arrangements remain as outlined in Section 3, and that all the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the Employer towards prefunding its liability via an off - balance sheet vehicle.

There are no Past Service Costs, Curtailments or Settlements to reflect.

Employee benefit cost provision

	Year ended 30/06/2016	Year ended 30/06/2017	Year ended 30/06/2018
Opening accrued liability	12 737 431	14 157 203	14 335 299
Current service cost	859 855	940 235	1 019 333
Interest cost	928 980	1 113 679	1 127 930
Expected benefit vestings	(1 817 922)	(1 875 818)	(1 893 557)
Total annual expense	(29 087)	178 096	253 706
Acrued loss/(gain)	1 448 859	-	-
Closing accrued liability	14 157 203	14 335 299	14 589 005
	-	-	-

Rate of future accumulation of unused leave

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

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

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

Current portion of leave expected to be taken

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
15. Payables from exchange transactions		
Trade payables	729 541 705	532 511 845
Retentions	77 534 399	70 043 665
Other payables	7 396 643	2 175 744
Greater Letaba municipality	35 643 638	19 800 750
Greater Tzaneen municipality	145 541 258	128 312 903
Maruleng municipality	22 637 207	27 447 775
Lepelle Northern Water	150 727 899	157 772 436
Total	1 169 022 749	938 065 118

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

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

16. Taxes and transfers payable (non-exchange)

Amounts payable to other members of economic entity	6 477 726	5 789 887
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The amount of liabilities forgiven is - (2015: -).

17. Consumer deposits

Consumer Deposits	6 363 945	6 360 318
Breakdown of consumer deposits:	2016	2015
Greater Letaba	38 091	38 091
Greater Tzaneen	4 169 213	4 188 642
Maruleng	159 026	158 015
Ba - Phalaborwa	1 998 618	1 975 077
	6 364 948	6 359 825

18. Revenue

Service charges	268 609 706	193 761 274
Interest received outstanding debtors	85 901 369	15 905 432
Other income	3 140 805	2 909 309
Interest received	11 789 930	3 405 705
Government grants & subsidies	898 058 184	704 956 596
Total	1 267 499 994	920 938 316

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	268 609 706	193 761 274
Interest earned - outstanding receivables	85 901 369	15 905 432
Other income	3 140 805	2 909 309
Interest received	11 789 930	3 405 705
Total	369 441 810	215 981 720

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Government grants and subsidies	898 058 184	704 956 596

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
<hr/>		
19. Service charges		
Sale of water	230 870 811	171 948 424
Sewerage and sanitation charges	37 738 895	21 812 850
	268 609 706	193 761 274

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
20. Government grants and subsidies		
Operating grants		
Equitable share grant	631 507 000	560 753 000
DWA WSOG (In kind)	-	1 867 882
DWA (Refurbishment) grant	-	20 822 570
EPWP grant	1 630 000	2 195 000
Finance Management Grant (FMG)	1 325 000	1 250 000
LP - Health (EHP)	9 648 526	-
LGW SETA grant	219 370	419 006
Municipal system improvement grant (MSIG)	940 000	934 000
LP Econ (Biosphere) grant	351 667	147 667
Forensic audit grant	10 968 137	5 931 863
Total operating grants	656 589 700	594 320 988
Capital grants		
Regional bulk water - mametja sekororo	34 148 607	15 587 416
Municipal infrastructure grant (MIG)	205 237 456	92 500 000
Rural transport grant	2 082 421	2 548 192
Total capital grants	241 468 484	110 635 608
Total operating and capital grants	898 058 184	704 956 596

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Equitable share

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

DWA refurbishment

Balance unspent at beginning of year	23 200 000	26 384 395
Current-year receipts	-	25 000 000
Conditions met - transferred to revenue	(23 200 000)	(20 822 570)
Repayment of Unapproved Roll Over	-	(7 361 825)
Total	-	23 200 000

Conditions still to be met - remain liabilities (see note 13).

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

Municipal Infrastructure Grant

Balance unspent at beginning of year	30 900 000	202 895 351
Current-year receipts	250 000 000	123 000 000
Conditions met - transferred to revenue	(205 237 456)	(59 930 823)
Repayment of unapproved roll over	-	(202 495 350)
Approved roll over 2014-2015	-	(32 569 178)
Total	75 662 544	30 900 000

Conditions still to be met - remain liabilities (see note 13).

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
20. Government grants and subsidies (continued)		
Finance management grant		
Current-year receipts	1 325 000	1 250 000
Conditions met - transferred to revenue	(1 325 000)	(1 250 000)
Total	-	-

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

Rural transport grant

Balance unspent at beginning of year	167 206	167 206
Current-year receipts	2 001 000	-
Conditions met - transferred to revenue	(2 082 421)	-
Total	85 785	167 206

Conditions still to be met - remain liabilities (see note 13).

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

EHP Grant

Current-year receipts	450 486	-
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The purpose of the grant is to ensure that transferred schemes are fully functional and operated by skilled personnel to ensure optimal service delivery by the WSA.

MSIG

Current-year receipts	940 000	934 000
Conditions met - transferred to revenue	(940 000)	(934 000)
	-	-

Extended public works programme grant

Balance unspent at beginning of year	-	219 419
Current-year receipts	1 630 000	-
Conditions met - transferred to revenue	(1 630 000)	(219 419)
Total	-	-

Conditions still to be met - remain liabilities (see note 13).

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

Forensic Audit Grant

Balance unspent at beginning of year	10 968 137	10 968 137
Conditions met - transferred to revenue	(10 968 137)	-
	-	10 968 137

Conditions still to be met - remain liabilities (see note 13).

Provide explanations of conditions still to be met and other relevant information.

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
21. Other revenue		
Other income 1	85 901 369	15 905 432
Other income	3 140 805	2 909 309
	89 042 174	18 814 741
22. Other income		
Sundry Income	106 498	115 999
Insurance claims	79 392	208 670
Reconnection fees	2 244 560	2 555 645
Tender fees	630 153	445 710
Commission received	80 202	100 618
Income forgone	-	(517 333)
Total	3 140 805	2 909 309
23. General expenses		
Advertising	598 608	716 138
Auditors remuneration	4 255 713	3 774 462
Bank charges	217 882	146 480
Consulting and professional fees (including legal expenses)	51 785 190	23 576 961
Insurance	5 020 913	6 566 864
Conferences and seminars	375 978	58 190
Development of Road Master Plan	1 948 807	2 235 283
Salga Levies	-	5 909 673
Motor vehicle expenses	144 296	196 407
Fuel and oil	4 547 288	4 445 098
Postage and courier	10 693	359
Training Programme	4 494 021	618 402
Protective clothing	75 510	41 479
Water and electricity	2 991 801	1 529 699
Software expenses	1 258 786	59 355
Membership Fees	308 171	8 204
Telephone Expenses	3 058 637	2 519 061
Subsistence and travel	8 948 154	5 078 301
Catering	13 420	-
Audit committee allowance	1 743 695	629 332
Disaster Relief Fund	935 095	973 139
Imbizo	2 335 285	395 722
Forensic Audit	4 854 013	2 125 209
MWIG - projects expenditure	128 188	869 758
Performance management	936 695	900 520
Stores and materials	4 682 606	29 434 534
Chemicals	6 760 713	-
Other expenses	9 784 252	2 626 361
Total	122 214 410	95 434 991

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
24. Employee related costs		
Basic	171 878 427	150 874 968
Bonus	13 195 800	10 925 061
Medical aid - company contributions	9 027 098	7 147 885
UIF	1 403 642	1 334 700
Workman compensation	130 345	119 520
SDL	2 283 740	1 984 939
Other payroll levies	8 832 726	7 393 573
Post employments benefits	1 274 242	1 368 344
Defined contribution plans	24 893 881	24 227 476
Overtime payments	32 090 334	17 932 747
Long-service awards	625 790	281 352
Car allowance	15 867 462	12 880 559
Housing benefits and allowances	6 625 981	6 708 897
Leave redemption	8 874 217	8 470 730
Bargaining council	13 424	18 736
Cellphone allowance	50 470	62 754
Shift allowance	61 277	63 369
Total	297 128 856	251 795 610
Remuneration of municipal manager		
Annual Remuneration	550 949	978 290
Car Allowance	372 176	642 093
Leave Pay	181 341	-
Contributions to UIF, Medical and Pension Funds	1 190	517 319
Total	1 105 656	2 137 702
Remuneration of chief finance officer		
Annual Remuneration	710 451	385 887
Car Allowance	140 000	-
Contributions to UIF, Medical and Pension Funds	43 879	-
Total	894 330	385 887
Remuneration of director community services		
Annual Remuneration	712 841	710 372
Car Allowance	198 093	144 145
Contributions to UIF, Medical and Pension Funds	127 002	338 080
Total	1 037 936	1 192 597
Remuneration of director corporate services		
Annual Remuneration	836 352	202 213
Car Allowance	236 912	-
Contributions to UIF, Medical and Pension Funds	42 082	-
Total	1 115 346	202 213
Remuneration of director planning and development		
Annual Remuneration	796 264	833 551

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
24. Employee related costs (continued)		
Car Allowance	290 394	257 334
Contributions to UIF, Medical and Pension Funds	122 829	394 777
Total	1 209 487	1 485 662

Remuneration of director engineering services

Annual Remuneration	676 152	755 756
Car Allowance	236 665	235 389
Contributions to UIF, Medical and Pension Funds	184 006	380 777
Total	1 096 823	1 371 922

Remuneration of director water services

Annual Remuneration	598 710	721 651
Car Allowance	337 763	345 226
Contributions to UIF, Medical and Pension Funds	249 041	506 088
Cell	38 444	36 407
Total	1 223 958	1 609 372

Remuneration of director office of the executive Mayor

Annual Remuneration	598 199	675 681
Car Allowance	291 689	278 610
Contributions to UIF, Medical and Pension Funds	309 918	101 617
Cell	38 444	36 407
Total	1 238 250	1 092 315

Executive Mayor's allowances

Annual Remuneration	578 280	504 592
Travel Allowance	208 931	163 239
Cell	20 868	31 769
Total	808 079	699 600

The Executive Mayor has been provided with a Council vehicle.

Speaker's allowances

Annual Remuneration	459 947	324 713
Travel Allowance	194 264	121 633
Other	20 868	15 651
Total	675 079	461 997

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
<hr/>		
24. Employee related costs (continued)		
Ngoepe N.A		
Annual Remuneration	174 088	-
Travel Allowance	265 840	-
Travel Claims	3 779	-
	443 707	-

The municipality received an in-kind service from COGHSTA from February 2015 - November 2015 in a form of an Acting Municipal Manager

Sekonya M.R

Annual Remuneration	126 389	-
Travel Allowance	292 008	-
Travel Claims	8 201	-
Total Paid	(426 598)	-
	-	-

The municipality received an in-kind service from COGHSTA from December 2015 - May 2016 in a form of an Acting Municipal Manager.

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
25. Remuneration of Councillors		
Councillors' remuneration and allowances	11 797 942	13 497 820
Councillors' pension contribution	520 059	691 431
Total	12 395 761	14 287 171

Remuneration per councillor - 2016	Salary	Cellphone Allowance	Travel Allowance	Total
Rakgoale C.N	578 280	20 868	208 931	808 079
Sedibeni D.W	460 033	20 868	194 264	675 165
Mushwana O.J	482 638	20 868	259 810	763 316
Mashatola M.Q	49 154	5 217	16 385	70 756
Mathonsi N.V	78 832	10 434	55 676	144 942
Lewele M	165 571	20 868	158 559	344 998
Machethe L.N	178 531	20 868	72 925	272 324
Nkuna C.	245 481	20 868	86 290	352 639
Ramaremela T.P	433 368	20 868	250 540	704 776
Moshobane S.H	446 328	20 868	229 873	697 069
Hlatshwayo C	274 174	20 868	130 179	425 221
Maloko M.L	165 571	20 868	73 894	260 333
Ngobeni A	199 398	20 868	62 756	283 022
Nkanyani R.P	446 328	20 868	183 349	650 545
Mabasa H	178 531	20 868	97 096	296 495
Rakganya M.P	178 531	20 868	99 311	298 710
Monyela K.J	199 398	20 868	69 888	290 154
Mokoele S.G	178 531	20 868	66 058	265 457
Cronje P.W	178 531	20 868	62 756	262 155
Mabunda M.A	178 531	20 868	62 756	262 155
Makhubele M	35 450	-	28 218	63 668
Moshwana T.J	35 450	-	63 996	99 446
Rikhotso Q	35 450	-	38 336	73 786
Mushwana D.G	26 770	-	8 381	35 151
Mohale N.L	29 167	-	41 367	70 534
Ndove L	446 328	20 868	210 334	677 530
Mbhalati H.S	29 167	-	45 214	74 381
Sibiya M	274 174	20 868	190 718	485 760
Mokgobi M.L	29 167	-	73 572	102 739
Makwala C	29 167	-	9 180	38 347
Mafona M.E	35 450	-	21 286	56 736
Selowa M.G	35 450	-	54 973	90 423
Senyolo T.J	35 450	-	11 157	46 607
Mamogale M.C	29 167	-	22 464	51 631
Flemming G.J	2 748	-	916	3 664
Malesa G	35 450	-	11 157	46 607
Makwala O	35 450	-	43 517	78 967
Mashele J.G	35 450	-	51 095	86 545
Mametja M.R	498 497	20 868	222 682	742 047
Makhurupetji Malatji M.N	446 328	20 868	256 162	723 358
Mohlala F	178 531	20 868	64 676	264 075
Mabale S.P	35 450	-	28 221	63 671
Mantlhaka A.M	35 450	-	42 520	77 970
Mashele MB	29 167	-	13 112	42 279
Mokgolobotho M.J	22 384	-	12 771	35 155
Mathebula M.V	27 206	-	19 303	46 509
Manganyi T.C	27 206	-	22 090	49 296
Fuela H	27 206	-	14 771	41 977
Mbhalati M.F	22 384	-	26 837	49 221
	7 860 454	495 615	4 090 322	12 446 391

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016 2015

25. Remuneration of Councillors (continued)

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
26. Regional bulk infrastructure projects		
Regional bulk infrastructure projects expenditure	22 532 576	13 564 075
27. Debt impairment		
Debt impairment	(359 950 308)	2 776 708
Included in the debt impairment are long outstanding debtors from the five Local Municipalities within the District on Water and Sewer accounts.		
28. Investment revenue		
Interest revenue		
Current account	11 789 930	3 405 705
29. Depreciation and amortisation		
Property, plant and equipment	174 396 845	165 947 321
30. Interest paid		
Interest paid	1 843 130	461 993
31. Contracted services		
Information technology services	6 394 178	4 265 528
Fleet Services	3 894 315	-
Operating leases	3 428 049	1 252 092
Specialist services	6 701 124	6 460 139
Agency fee	12 227 622	11 404 676
Total	32 645 288	23 382 435
32. Grants and subsidies paid		
Other subsidies		
Bursaries	2 193 310	4 395 552
Grants paid to LMs	-	-
Other subsidies	2 193 310	4 395 552
	2 193 310	4 395 552
33. Bulk purchases		
Water	327 068 975	186 532 674

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015
34. Cash generated from operations		
Surplus	527 518 337	67 874 157
Adjustments for:		
Depreciation and amortisation	174 396 845	165 947 321
Loss on disposal of assets and liabilities	1 125 366	177 017
Debt impairment	(359 950 308)	2 776 708
Movements in provisions	15 216 412	66 485 389
Water and sanitation transactions	(539 726 891)	(28 865 573)
Other non-cash items	-	238 192 961
Changes in working capital:		
Inventories	(5 709 496)	16 940 797
Receivables from exchange transactions	74 815 755	52 946 766
Consumer debtors	177 568 558	(142 844 879)
Payables from exchange transactions	230 957 631	71 450 976
VAT	(41 178 224)	(46 840 889)
Taxes and transfers payable (non exchange)	687 839	107 858
Unspent conditional grants and receipts	10 963 472	(123 103 450)
Consumer deposits	3 627	3 010 683
	266 688 923	344 255 842

35. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	428 598 922	433 303 568
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Total capital commitments

Already contracted for but not provided for	428 598 922	433 303 568
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016

2015

36. Contingent liabilities

Plaintiff/ Mopani District Municipality

The matter involves a service provider who did not honour his obligation to the supplier of material. And as a result same sued the MDM and the Constructor for dishonouring the agreement. The case is pending. The claim against the municipality amounts to 4 000 000.00.

Plaintiff / Mopani District Municipality

The plaintiff is suing the MDM for the injury she suffered at MDM sewerage minehall in Modjadjiskloff. The case is pending. The claim against the municipality amounts to 2 000 000.00.

Plaintiff/ Pastor Mafumo & MDM

The plaintiff is suing MDM as a result of motor vehicle collision involving MDM employee. The case is pending. The claim against the municipality is amounts to 150 000.00

Plaintiff / Mopani District Municipality

The plaintiff is suing MDM as a result of motor vehicle collision involving MDM employee. The case is pending. The claim against the municipality amounts to 150 000.00.

Plaintiff / Mopani District Municipality

The plaintiff is suing MDM for awarding the tender to a JV which was not qualifying. JV grading was 8 and the tender was for a grade 9 company. The case is pending. The claim against the municipality amounts to 10 000 000.00

Plaintiff / Mopani District Municipality

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

Plaintiff / Mopani District Municipality

The plaintiff is suing MDM as a result of veld fire at a farm belonging to Greater Tzaneen Municipality. MDM is sued for been responsible for fire services and disaster management. The claim against the municipality amounts to 25 000 000.00

Plaintiff / Mopani District Municipality

The plaintiff is suing the municipality for breach of contract and for the release of retention monies and guarantee monies. The claim against the municipality amount to 4 500 000.00.

Plaintiff / Mopani District Municipality

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

Plaintiff / Mopani District Municipality

The matter involves an Interdict: Stopping the implementation of the Kampersrus Sewer reticulation line Phase 2. The case is partly resolved in court. The claim against the municipality amounts to 36 000 000.00.

Plaintiff / Mopani District Municipality

The plaintiff is claiming money as per the cession agreement. The claim against the municipality amounts to 2 100 000.00

Plaintiff / Mopani District Municipality

The plaintiff is suing MDM for services rendered in respect of the installation of boreholes and transformers in Giyani area. The claim against the municipality amounts to 413 900.

Plaintiff / Mopani District Municipality

The plaintiff is suing MDM for failing to honour its financial obligations. The case is pending. The claim against the municipality amounts to 30 000 000.00.

Plaintiff / Leb P Construction & MDM and others.

The plaintiff is suing MDM for failing to honour its financial obligations. The case is pending. The claim against the municipality amounts to 2 000 000.00.

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016 2015

36. Contingent liabilities (continued)

Plaintiff / Tlong Re Yeng JV & MDM

SARS intends to collect money owed by the JV from MDM coffers. The case is pending. The claim against the municipality amounts to 143 447.17.

Contingent assets

Kgafela Construction CC

Mopani district municipality sued Kgafela Construction CC for R14,140,976.84 for damages allegedly occasioned by Kgafela's failure to adhere to tender conditions. Legal costs are estimated at 2 000 000.

SARS

Mopani District Municipality submitted VAT returns amounting to R44 071 764.97 relating to prior years after the municipality changed from invoice basis to the payments basis.

37. Related parties

Relationships

Accounting Officer

Refer to disclosure note on remuneration of senior management

Audit Committee

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

Members of Key Management

Refer Refer to disclosure note on remuneration of senior management

Remuneration of Councillors

Refer to disclosure note on remuneration of Councillors

Lepelle Northern Water

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

38. Prior period errors

1. PPE valuation, completeness and existence differences were discovered during the audit in 2015. A reassessment was done on the entire PPE population. Differences were identified, and corrected.

2. SARS disallowed the calculation for the change in accounting basis. An adjustment was made to correct the VAT receivable.

3. MDM did not take into consideration the adjustment that came due to the change in accounting basis that took place in May 2013. Adjustment was made to correct the understatement of VAT receivable in May 2013.

4. MDM did not take into account the VAT receivable as per the agreement reached with SARS. An adjustment was made to correct the closing balance on VAT in the prior year.

5. MDM incorrectly closed on a negative VAT balance of -R33 230 534.82. This resulted in VAT receivable being understated with R58 992 797.72 and the accumulated surplus being overstated with R33 230 534.82. Nov 2014, April 2015, May & June 2015. An adjustment to correct understatement of VAT receivable in the 2014/15 financial year.

6. In the 2014/15 financial year, the inter municipality loan account with Maruleng was overstated and the amount did not agree to the audited balance at Maruleng Local Municipality. An adjustment of R8 513 578.00 was made to correct the inter - municipal loan account in the 2014/15. 7.

In the 2014/15 financial year, the net amount of sewer recorded at R332 950 agrees to the sewer basic charge per Maruleng however there was an originating entry error as the revenue was posted as a debit instead of a credit.

8. MDM did not account for VAT output amounting to R54 206 138.66 on the Ba - Phalaborwa water services in the prior periods 2011 - 2014. 9.

MDM did not account for VAT output amounting to R7 935 290.07 on the Ba - Phalaborwa sewer services in the prior periods 2011 - 2014. An adjustment of R7 935 290 138.66 was made to correct the error.

10. MDM did not account for water revenue collected amounting to R132 944 901.76 on the Ba - Phalaborwa water service in the prior periods 2011 - 2014. An adjustment of R132 944 901.76 was made to correct the error in the prior year.

11. MDM did not account for sewer revenue collected amounting to R15 428 163.81 on the Ba - Phalaborwa sewer services in the prior periods 2011 - 2014. An adjustment of R15 428 163.81 was made to correct the error in the prior year.

12. MDM did not account for an amount of R9 706 636.95 for Ba - Phalaborwa consumer debtors on sanitation services in the prior periods 2010 - 2014. An adjustment of R9 706 636.95 was made to correct the error in the prior year.

13. MDM did not account for an amount of R56 252 906.61 for Ba - Phalaborwa consumer debtors on sewer services in the prior periods 2010 - 2014. An adjustment of R56 252 906.61 was made to correct the error in the prior year.

14. MDM has incorrectly accounted for Ba - Phalaborwa water revenue in the 2014-2015 financial year. An adjustment of R104 041 410.13 was made to correct the error. An adjustment of R104 041 410.13 was made to correct the error in the prior year.

15. MDM has incorrectly accounted for Ba - Phalaborwa sewer revenue in the 2014 - 2015 financial year. An adjustment of R13 972 092.08 was made in the prior year to correct the error.

16. MDM did not recognize water and VAT collection for Ba - Phalaborwa in the 2014-15 financial year. An adjustment of R71 270 602.77 was made in the prior year to correct the error.

17. MDM did not recognize sewer and VAT collections for Ba - Phalaborwa in the 2014-15 financial year. An adjustment of R8 449 850.34 was made in the prior year to correct the error.

18. MDM did not account for water services VAT output for Ba - Phalaborwa in the 2014-15 financial year. An adjustment of R15 261 705.12 was made in the prior period to correct the error.

19. MDM did not account for sanitation services VAT output for Ba - Phalaborwa in the 2014-15 financial year. An adjustment of R1 953 485.04 was made in the prior period to correct the error.

20. MDM has incorrectly accounted for water revenue for Ba - Phalaborwa in the 2014 -15 financial year. An adjustment of R30 363 489.76 was made in the prior period to correct the error.

21. MDM has incorrectly accounted for sewer revenue for Ba - Phalaborwa in the 2014 - 15 financial year. An adjustment of R3 922 274.02 was made in the prior period to correct the error.

22. MDM has understated commission in the 2011 - 2015 prior years on the Ba - Phalaborwa Loan account. An adjustment of R1 726 413.58 was made in the prior years to effect corrections.

23. MDM has understated BPM VAT on commission in the 2011 - 2015 prior years. An adjustment of R1 596 654.63 was made in the prior years to effect corrections.

24. MDM has not accounted for water expenses incurred by Greater Giyani Municipality in the 2014-15 financial year. An adjustment of R5 450 117.06 was made in the 2014-15 financial year to effect the correction.

25. MDM has not accounted for sewerage expenses incurred by Greater Giyani Municipality in the 2014-15 financial year. An adjustment of R1 071 733.04 was made in the 2014-15 financial year to effect the correction.

26. MDM did not recognise water purchases incurred by Greater Giyani Municipality in the 2014-15 financial year. An adjustment of R1 145 914.00 was made in the 2014-15 financial year to effect the changes.

27. MDM overstated provision for long service awards for Greater Giyani Municipality in the 201-15 financial year. An adjustment R13 828.00 was effected to make the necessary correction.

28. MDM restated DWA refurbishment opening balance from R10 985 824 to R23 200 000 as per the National Treasury conclusion on the unspent conditional grants for the 2014-15 financial year.

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

38. Prior period errors (continued)

29. MDM restated MIG opening balance receipts for the 2014-15 financial year amounting to R123 400 000.

30. MDM restated MIG opening balance for repayment on unapproved roll over for 2014-15 financial year amounting to R202 495 350.

31. MDM restated MIG opening balance spend on the 2014-15 financial year amounting to R59 930 823.

32. MDM restated MIG opening balance for unrecognised amount of R32 969 177.53 in the 2014-15 financial year which is recognised as revenue.

33. MDM incorrectly classified an amount of R313 301.60 relating to ABSA Fleet as inventory. A correct re- classification to expenditure was made in the 2014-15 financial year.

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

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38. Prior period errors (continued)

Adjustment affecting the Statement of Financial Position

Adjustment to correct understatement of PPE cost opening balance in MDM accounting records.	-	107 476 754
Adjustment to correct understatement of VAT receivable in the 2012/13 financial year	-	(49 765 748)
Adjustment to correct understatement of VAT receivable in the 2012/13 financial year	-	32 925 148
Adjustment of the closing balance on VAT in prior period	-	14 559 577
Adjustment to correct understatement of VAT receivable in the 2014/15 financial year	-	92 223 333
Adjustment to correct understatement of VAT receivable in the 2014/15 financial year	-	109 594 360
Adjustment of Maruleng Inter - municipality loan account	-	8 513 578
Adjustment to correct understatement of sewer basic charge revenue erroneously recorded as a debit instead of a credit in the prior year in MDM accounting records.	-	665 900
Adjustment to correct sanitation consumer debtor - BPM not accounted in the prior periods 2010-14	-	9 706 637
Adjustment to correct sanitation consumer debtor - BPM not accounted in the prior periods 2010-14	-	56 252 907
Recognition of water collection and VAT collections - BPM in the 2014/15 financial year	-	(71 270 603)
Recognition of sanitation collection and VAT collections - BPM in the 2014/15 financial year	-	(8 449 850)
Adjustment of water services VAT output - BPM not accounted for in the 2014/15 financial year	-	(15 261 705)
Adjustment of sanitation services VAT output - BPM not accounted for in the 2014/15 financial year	-	(1 953 485)
Adjustment to correct the incorrect balance in BPM loan account for 2014/15 financial year	-	(180 104 785)

Adjustment affecting the Statement of Financial Performance

Adjustment to correct understatement of PPE depreciation in MDM accounting records.	-	(10 201 208)
Projects donated	-	130 018 597
Adjustment to correct understatement of sewer basic charge revenue erroneously recorded as a debit instead of a credit in the prior year in MDM accounting records.	-	(665 900)
Adjustment to correct VAT output on Ba - Phalaborwa water services not accounted in the 2011-14 years	-	(54 206 139)
Adjustment to correct VAT output on Ba - Phalaborwa sewer services not accounted for in the 2011-14 prior years	-	(7 935 290)
Adjustment to correct Ba - Phalaborwa water revenue collections in the 2011-14 prior years	-	(132 944 902)
Adjustment to correct Ba - Phalaborwa water revenue collections in the 2011-14 prior years	-	(15 428 164)
Adjustment to correct Ba - Phalaborwa water revenue in the 2014/15 financial year	-	104 041 410
Adjustment to correct Ba - Phalaborwa sewer revenue in the 2014/15 financial year	-	13 972 092
Adjustment water revenue - BPM accounted incorrectly in the 2014/15 financial	-	(30 363 490)
Adjustment sanitation revenue - BPM accounted incorrectly in the 2014/15 financial	-	(3 922 274)
Adjustment to correct water expenses incurred by Greater Giyani Municipality in the 2014-15 financial year.	-	5 450 117
Adjustment to correct sewerage expenses incurred by Greater Giyani Municipality in the 2014-15 financial year.	-	1 071 733
Adjustment to correct water purchases incurred by Greater Giyani Municipality in the 2014-15 financial year.	-	1 145 914
Adjustment of opening balance for water and sewer expenses not recognised by Greater Giyani Municipality	-	(8 543 015)

Net Increase/Decrease in accumulated surplus	-	(96 601 499)
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Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

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38. Prior period errors (continued)

Statement of Financial Position as at 30 June 2016

	Balance as previously reported	Prior Period Error	Reclassified (note 37)	Restated balance
Assets				
Current Assets				
Inventories	15 548 740	2 395 085	-	17 943 825
Receivables from exchange transactions	338 752 968	(106 843 634)	-	231 909 334
VAT receivable	11 303 986	94 292 083	-	105 596 069
Consumer Debtors	298 578 682	71 671 844	-	370 250 526
Cash and Cash equivalents	114 326 792	-	-	114 326 792
Total Current Assets	778 511 168	61 515 378	-	840 026 546
Non-current Assets				
Property, plant and equipment	4 505 017 113	107 672 962	-	4 612 690 075
Intangible assets	9 607 840	-	-	9 607 840
Heritage Assets	432 000	-	-	432 000
Non current asset held for sale	-	-	15 504	15 504
35706038	4 515 056 953	107 672 962	15 504	4 622 745 419
Liabilities				
Current liabilities				
Finance lease obligation	1 064 138	-	-	1 064 138
Payables from exchange transactions	900 999 697	35 706 038	-	936 705 735
Consumer deposits	4 385 240	1 975 078	-	6 360 318
Unspent conditional grants and receipts	85 590 344	(20 355 001)	-	65 235 343
Leave Provision	-	-	34 504 563	34 504 563
Bonus Provision	-	-	5 789 887	5 789 887
Total current liabilities	992 039 419	17 326 115	40 294 450	1 049 659 984
Non current liabilities				
Finance lease obligation	3 054	-	-	3 054
Provisions	54 346 625	15 943 190	-	70 289 815
Total non-current liabilities	54 349 679	15 943 190	-	70 292 869
Net assets				
Accumulated surplus-opening balance	4 241 939 762	-	-	4 241 939 762
Surplus/deficit)	20 913 573	-	660 687	21 574 260
	4 262 853 335	-	660 687	4 263 514 022

Statement of Financial Performance for the year ended 30 June 2015

	Balance as previously reported	Prior period error	Reclassified (Note 37)	Total
Revenue				
Service charges	158 809 610	34 951 664	-	193 761 274
Interest earned-outstanding receivables	15 905 432	-	-	15 905 432
Other income	2 909 309	-	-	2 909 309
Interest received	3 405 705	-	-	3 405 705
Government grants and subsidies	672 387 419	32 569 177	-	704 956 596
Total revenue	853 417 475	67 520 841	-	920 938 316

Expenditure

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

38. Prior period errors (continued)

Employee Costs	(251 135 615)	(659 995)	-	(251 795 610)
Remuneration of Councillors	(14 287 171)	-	-	(14 287 171)
Regional Bulk Infrastructure Projects Expenditure	(13 564 075)	-	-	(13 564 075)
Mopani Household Sanitation	(3 321 949)	-	-	(3 321 949)
Depreciation and amortisation	(156 287 882)	(8 358 306)	-	(164 645 477)
Auditors Remuneration	-	-	(3 774 462)	(3 774 462)
Finance Costs	(461 993)	-	-	(461 993)
Debt Impairment	(2 776 708)	-	-	(2 776 708)
Repairs and Maintenance	(90 986 663)	-	-	(90 986 663)
Bulk Purchases	(186 532 674)	(20 436 083)	-	(186 532 674)
Contracted services	(11 826 975)	-	(11 727 202)	(23 382 435)
Grants and Subsidies paid	(4 395 552)	-	-	(4 395 560)
General Expenses	(95 437 784)	-	(3 777 255)	(91 660 529)
Impairment loss	(1 301 844)	-	-	(1 301 844)
Total expenditure	(832 316 885)	(29 454 384)	(19 278 919)	(852 887 150)

Operating surplus/(deficit)	21 090 590	46 960 584	-	68 051 174
Loss on disposal of assets and liabilities	(177 017)	-	-	(177 017)
	20 913 573	46 960 584	-	67 874 157

Prior year adjustments on appropriation account

Reason		5 000	-
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Cash flow statement

Cash flow from operating activities

Grants		666 607 189	66 660 718
Interest Income		3 405 705	3 405 705
Other receipts		2 281 233	2 281 233
		672 294 127	72 347 656

Payment

Employee costs	(217 031 870)	(230 657 970)
Interest Paid	(461 993)	(461 993)
Other payments	(343 735 322)	(96 918 322)
	(561 229 185)	(328 038 285)

Cash flow from financing activities

Purchase of property, plant and equipment (including WIP)	(78 616 185)	(311 807 086)
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39. Unauthorised expenditure

Opening Balance	159 154 582	157 216 544
Unauthorised expenditure - Current Year	10 059 501	1 038 038
MIG grant used under forensic audit	-	900 000
Unauthorised expenditure awaiting condonement	169 214 083	159 154 582

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

40. Fruitless and wasteful expenditure

Opening Balance	165 715 645	1 495 061
Fruitless and Wasteful expenditure - Current Year	119 126	164 220 584
	-	-
Fruitless and Wasteful Expenditure awaiting condonement	165 834 771	165 715 645

Included in the fruitless and wasteful expenditure is an amount of R164 096 480 relating to work that was initially performed by the municipality and the project was then transferred to Department of water affairs. The department decided to scrap the original work done by the municipality and restarted the project.

41. Irregular expenditure

Opening balance	238 920 434	174 794 070
Irregular Expenditure - current year	28 295 627	64 126 364
Irregular Expenditure awaiting condonement	267 216 061	238 920 434

Included in the current year irregular are the following:- Non declaration of interest amounting R118 889; Inappropriate extension of contract amounting to R4 763 884; invalid tax clearance certificate amounting to R799 600; invalid SCM deviations amounting to R129 487 and non declaration of state employee amounting to R67 203 .

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

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

42. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year subscription / fee	3 819 715	7 409 673
Amount paid - current year	(3 819 715)	(7 409 673)
	-	-

PAYE and UIF

Current year subscription / fee	27 178 901	26 726 239
Amount paid - current year	(27 178 901)	(26 726 239)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	9 461 495	12 739 140
Amount paid - current year	(9 461 495)	(12 739 140)
	-	-

VAT

VAT receivable	146 774 293	105 596 069
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VAT is payable on the cash basis as from the 30th May 2013. VAT input receivables and VAT output receivable is shown in note 8. All VAT returns have been submitted by the due date throughout the year.

43. Deviation from supply chain management regulations

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the Municipal Manager. The total deviations for the quarter amounted to **R4 283 332.37 (2015: R13 749 637.26)** which has been tabled to council for noting in terms of Section 36(2).

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

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

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

44. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 15% (25% over approved budget) for the Health function was due to expenditures above the level approved by legislative action in response to the earthquake. There were no other material differences between the final budget and the actual amounts.

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The financial statements are consolidated statements that include all controlled entities, including government business enterprises for the fiscal period from to . The financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.

Mopani District Municipality

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

44. Budget differences (continued)

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

45. In Kind Service

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

46. Distribution Losses

Sales (kl) Total	6 364 121	762 961
Purchases (kl) Total	4 253 669	2 025 325
Percentage water losses at the plants (%)	20	4

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

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

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

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	11 980 776	-	-	-	-	-	11 980 776	-	-	-	-	-	-	11 980 776
Buildings	163 311 355	-	-	-	-	65 692 144	229 003 499	(57 551 076)	(7 546 996)	-	-	-	(65 098 072)	163 905 427
	175 292 131	-	-	-	-	65 692 144	240 984 275	(57 551 076)	(7 546 996)	-	-	-	(65 098 072)	175 886 203
Infrastructure														
Sewer Pump Station	25 367 151	444 474	-	-	-	152 146 363	177 957 988	(11 729 142)	(1 180 578)	-	-	-	(12 909 720)	165 048 268
Collection/ Reticulation Network	774 380 097	-	-	-	-	-	774 380 097	(265 390 307)	(15 487 602)	-	-	-	(280 877 909)	493 502 188
Waste Water Treatment	368 000 254	-	-	-	-	-	368 000 254	(202 136 660)	(14 402 063)	-	-	-	(216 538 723)	151 461 531
Water Treatment	582 450 390	-	-	-	-	-	582 450 390	(238 957 472)	(18 271 407)	-	-	-	(257 228 879)	325 221 511
Storage	1 579 629 043	2 371 348	-	-	-	302 120 109	1 884 120 500	(839 851 613)	(32 839 647)	-	-	-	(872 691 260)	1 011 429 240
Bulk Supply	54 848 799	-	-	-	-	-	54 848 799	(607 094)	(1 096 976)	-	-	-	(1 704 070)	53 144 729
Distribution/ Reticulation Network	3 325 440 185	85 326	-	-	-	-	3 325 525 511	(1 233 936 413)	(56 437 973)	-	-	-	(1 290 374 386)	2 035 151 125
Boreholes	267 211 334	68 135 536	-	-	-	-	335 346 870	(108 175 025)	(18 670 878)	-	-	-	(126 845 903)	208 500 967
Water Pump Station	60 568 587	-	-	-	-	-	60 568 587	(31 882 080)	(2 309 304)	-	-	-	(34 191 384)	26 377 203
Water Storage & Pump Station	18 593 978	-	-	-	-	-	18 593 978	(9 883 302)	(550 390)	-	-	-	(10 433 692)	8 160 286
	7 056 489 818	7 103 684	-	-	-	454 266 472	7 581 792 974	(2 942 549 108)	(161 246 818)	-	-	-	(3 103 795 926)	4 477 997 048
Community Assets														

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	175 292 131	-	-	-	-	65 692 144	240 984 275	(57 551 076)	(7 546 996)	-	-	-	(65 098 072)	175 886 203
Infrastructure	7 056 489 818	71 036 684	-	-	-	454 266 472	7 581 792 974	2 942 549 108	(161 246 818)	-	-	-	3 103 795 926	4 477 997 048
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	58 997 835	1 532 059	(236 813)	-	-	-	60 293 081	(16 034 563)	(6 120 710)	153 912	-	-	(22 001 361)	38 291 720
	7 291 211 784	72 568 743	(236 813)	-	-	519 958 616	7 883 502 330	3 016 134 747	(174 914 524)	153 912	-	-	3 190 895 359	4 692 606 971
Agricultural/Biological assets														
Intangible assets														
Computer Software	1 097 760	480 000	-	-	-	-	1 577 760	(465 469)	(288 263)	-	-	-	(753 732)	824 028
Servitude	13 991 354	-	-	-	-	-	13 991 354	(5 015 805)	(699 568)	-	-	-	(5 715 373)	8 275 981
	15 089 114	480 000	-	-	-	-	15 569 114	(5 481 274)	(987 831)	-	-	-	(6 469 105)	9 100 009
Leased Assets														
Office Equipment	5 065 008	-	(5 032 283)	-	-	-	32 725	(4 095 229)	(966 982)	5 032 283	-	-	(29 928)	2 797
	5 065 008	-	(5 032 283)	-	-	-	32 725	(4 095 229)	(966 982)	5 032 283	-	-	(29 928)	2 797
Total														
Land and buildings	175 292 131	-	-	-	-	65 692 144	240 984 275	(57 551 076)	(7 546 996)	-	-	-	(65 098 072)	175 886 203
Infrastructure	7 056 489 818	71 036 684	-	-	-	454 266 472	7 581 792 974	2 942 549 108	(161 246 818)	-	-	-	3 103 795 926	4 477 997 048
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	58 997 835	1 532 059	(236 813)	-	-	-	60 293 081	(16 034 563)	(6 120 710)	153 912	-	-	(22 001 361)	38 291 720
Intangible assets	15 089 114	480 000	-	-	-	-	15 569 114	(5 481 274)	(987 831)	-	-	-	(6 469 105)	9 100 009
Leased Assets	5 065 008	-	(5 032 283)	-	-	-	32 725	(4 095 229)	(966 982)	5 032 283	-	-	(29 928)	2 797
	7 311 365 906	73 048 743	(5 269 096)	-	-	519 958 616	7 899 104 169	3 025 711 250	(176 869 337)	5 186 195	-	-	3 197 394 392	4 701 709 777

Appendix B

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

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	11 980 776	-	-	-	-	-	11 980 776	-	-	-	-	-	-	11 980 776
Buildings	163 311 355	-	-	-	-	65 692 144	229 003 499	(50 576 294)	(6 974 782)	-	-	-	(57 551 076)	171 452 423
	175 292 131	-	-	-	-	65 692 144	240 984 275	(50 576 294)	(6 974 782)	-	-	-	(57 551 076)	183 433 199
Infrastructure														
Sewer Pump Station	25 367 151	-	-	-	-	119 868 143	145 235 294	(10 576 782)	(1 152 360)	-	-	-	(11 729 142)	133 506 152
Collection / Reticulation Network	774 380 097	-	-	-	-	-	774 380 097	(249 902 705)	(15 487 602)	-	-	-	(265 390 307)	508 989 790
Waste Water Treatment	368 000 254	-	-	-	-	-	368 000 254	(187 734 597)	(14 402 063)	-	-	-	(202 136 660)	165 863 594
Water Treatment	477 874 996	104 575 394	-	-	-	-	582 450 390	(223 527 058)	(15 430 415)	-	-	-	(238 957 473)	343 492 917
Storage	1 579 620 626	8 417	-	-	-	151 515 043	1 731 144 086	(807 103 272)	(32 748 341)	-	-	-	(839 851 613)	891 292 473
Bulk Supply	-	54 848 799	-	-	-	-	54 848 799	-	(607 094)	-	-	-	(607 094)	54 241 705
Distribution / Reticulation Network	3 324 659 860	780 324	-	-	-	-	3 325 440 184	(1 177 499 936)	(56 436 475)	-	-	-	(1 233 936 411)	2 091 503 773
Boreholes	266 969 475	241 859	-	-	-	-	267 211 334	(94 053 492)	(14 121 532)	-	-	-	(108 175 024)	159 036 310
Water Pump Station	60 568 587	-	-	-	-	-	60 568 587	(29 572 776)	(2 309 304)	-	-	-	(31 882 080)	28 686 507
Water Storage & Pump station	18 593 978	-	-	-	-	-	18 593 978	(9 332 912)	(550 390)	-	-	-	(9 883 302)	8 710 676
	6 896 035 024	160 454 793	-	-	-	271 383 186	7 327 873 003	2 789 303 530	(153 245 576)	-	-	-	2 942 549 106	4 385 323 897

Appendix B

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

Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Under Construction	Closing Balance	Opening Balance	Additions	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets														
Mayoral Chain	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Specialised vehicles														
Other assets														
Fire Fighting equipment/ fire houses	184 497	-	-	-	-	-	184 497	(97 936)	(19 601)	-	-	-	(117 537)	66 960
Emergency / rescue equipment	3 638 735	-	(4 552)	-	-	-	3 634 183	(1 945 045)	(554 288)	2 588	-	-	(2 496 745)	1 137 438
Training equipment	850	-	-	-	-	-	850	(202)	(153)	-	-	-	(355)	495
Trucks, buses and LDVs	15 430 893	-	-	-	-	-	15 430 893	(1 119 369)	(532 857)	-	-	-	(1 652 226)	13 778 667
Passenger vehicles	6 224 156	888 491	(176 808)	-	-	-	6 935 839	(1 094 725)	(464 147)	55 172	-	-	(1 503 700)	5 432 139
Emergency Vehicles	10 291 410	-	-	-	-	-	10 291 410	(1 158 480)	(655 494)	-	-	-	(1 813 974)	8 477 436
Trailers and accessories	558 800	-	-	-	-	-	558 800	(113 796)	(22 357)	-	-	-	(136 153)	422 647
Tractors	7 115 540	-	-	-	-	-	7 115 540	(786 426)	(227 697)	-	-	-	(1 014 123)	6 101 417
Specialised Vehicles	1 677 000	-	-	-	-	-	1 677 000	(67 035)	(53 664)	-	-	-	(120 699)	1 556 301
Tables & desks	1 483 483	-	-	-	-	-	1 483 483	(565 584)	(170 021)	-	-	-	(735 605)	747 878
Chairs and Couches	1 452 773	(4 979)	-	-	-	-	1 447 794	(603 837)	(162 162)	2 581	-	-	(763 418)	684 376
Shelving and Bookcases	182 458	59 360	-	-	-	-	241 818	(71 588)	(30 932)	-	-	-	(102 520)	139 298
Cabinets & Cupboards	799 247	-	-	-	-	-	799 247	(312 416)	(88 996)	-	-	-	(401 412)	397 835
Beds	181 876	-	-	-	-	-	181 876	(110 344)	(24 628)	-	-	-	(134 972)	46 904
Other furniture and fittings	152 259	49 000	-	-	-	-	201 259	(75 722)	(16 977)	-	-	-	(92 699)	108 560
Plant and Equipment - Other	948 876	14 380	(1 590)	-	-	-	961 666	(443 280)	(108 196)	165	-	-	(551 311)	410 355
Workshop equipment and tools	608 727	-	-	-	-	-	608 727	(256 495)	(68 629)	-	-	-	(325 124)	283 603
Generators	1 800 203	39 999	-	-	-	-	1 840 202	(801 362)	(169 399)	-	-	-	(970 761)	869 441
Radio Equipment	82 020	-	-	-	-	-	82 020	(31 266)	(11 345)	-	-	-	(42 611)	39 409
Compressors	126 557	-	-	-	-	-	126 557	(50 831)	(13 430)	-	-	-	(64 261)	62 296
Earth moving equipment	540 000	-	-	-	-	-	540 000	(67 108)	(48 600)	-	-	-	(115 708)	424 292
Sports equipment	1 500	-	-	-	-	-	1 500	(818)	(164)	-	-	-	(982)	518
Lawnmowers / gardening equipments	14 064	5 351	(500)	-	-	-	18 915	(7 156)	(1 848)	307	-	-	(8 697)	10 218
Lab equipments	42 903	-	-	-	-	-	42 903	(23 946)	(4 787)	-	-	-	(28 733)	14 170
Office machines	526 919	6 599	(77 716)	-	-	-	455 802	(273 912)	(73 054)	46 163	-	-	(300 803)	154 999
Domestic Equipment	166 291	-	-	-	-	-	166 291	(83 632)	(19 816)	-	-	-	(103 448)	62 843
Computer hardware	2 459 707	186 330	(71 121)	-	-	-	2 574 916	(1 115 349)	(445 526)	42 855	-	-	(1 518 020)	1 056 896
Office equipment - Other	102 094	-	(1 820)	-	-	-	100 274	(53 504)	(11 996)	1 025	-	-	(64 475)	35 799
Audiovisual equipment	522 409	-	(5 400)	-	-	-	517 009	(270 721)	(59 732)	3 643	-	-	(326 810)	190 199
Air Conditioners	767 041	14 700	(6 800)	-	-	-	774 941	(436 331)	(94 251)	4 266	-	-	(526 316)	248 625
Sport and recreational equipment	415	-	-	-	-	-	415	(251)	(62)	-	-	-	(313)	102
	58 083 703	1 259 231	(346 307)	-	-	-	58 996 627	(12 038 467)	(4 154 809)	158 765	-	-	(16 034 511)	42 962 116

Appendix B

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

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	175 292 131	-	-	-	-	65 692 144	240 984 275	(50 576 294)	(6 974 782)	-	-	-	(57 551 076)	183 433 199
Infrastructure	6 896 035 024	160 454 793	-	-	-	271 383 186	7 327 873 003	2 789 303 530)	(153 245 576)	-	-	-	2 942 549 106)	4 385 323 897
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	58 083 703	1 259 231	(346 307)	-	-	-	58 996 627	(12 038 467)	(4 154 809)	158 765	-	-	(16 034 511)	42 962 116
	7 129 842 858	161 714 024	(346 307)	-	-	337 075 330	7 628 285 905	2 851 918 291)	(164 375 167)	158 765	-	-	3 016 134 693)	4 612 151 212
Leased Assets														
Leased Assets	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
Intangible assets														
Computers - software & programming	1 097 760	-	-	-	-	-	1 097 760	(260 056)	(205 413)	-	-	-	(465 469)	632 291
Servitude	13 991 354	-	-	-	-	-	13 991 354	(4 316 237)	(699 568)	-	-	-	(5 015 805)	8 975 549
	15 089 114	-	-	-	-	-	15 089 114	(4 576 293)	(904 981)	-	-	-	(5 481 274)	9 607 840
Investment properties														
Total														
Land and buildings	175 292 131	-	-	-	-	65 692 144	240 984 275	(50 576 294)	(6 974 782)	-	-	-	(57 551 076)	183 433 199
Infrastructure	6 896 035 024	160 454 793	-	-	-	271 383 186	7 327 873 003	2 789 303 530)	(153 245 576)	-	-	-	2 942 549 106)	4 385 323 897
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	58 083 703	1 259 231	(346 307)	-	-	-	58 996 627	(12 038 467)	(4 154 809)	158 765	-	-	(16 034 511)	42 962 116
Leased Assets	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
Intangible assets	15 089 114	-	-	-	-	-	15 089 114	(4 576 293)	(904 981)	-	-	-	(5 481 274)	9 607 840
	7 149 993 560	161 717 444	(346 307)	-	-	337 075 330	7 648 440 027	2 859 344 461)	(166 525 500)	158 765	-	-	3 025 711 196)	4 622 728 831

