

# OR TAMBO

## *DISTRICT MUNICIPALITY*

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### **O.R. TAMBO DISTRICT MUNICIPALITY**

# 2015/16

***ANNUAL FINANCIAL STATEMENTS***

*for the year ended*

*30 June 2016*

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

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**ORTAMBO DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

**GENERAL INFORMATION**

**EXECUTIVE MAYOR**

N. Meth (Ms)

**SPEAKER**

R.Z. Nogumla

**MEMBERS OF THE MAYORAL COMMITTEE**

Executive Mayor

Deputy Executive Mayor

T. Sabisa

Councillors:	N.W. Dyule (Ms)	M. Dambuza
	L.N. Mambila	S. Mlamli
	N.O. Mgugudo (Ms) // N.Y. Capa (Ms) as from 20/04/2016	
	W. Ngozi	P.N. Pepping (Ms)
	M.C. Socikwa	

**GRADING OF THE LOCAL AUTHORITY**

Grade 5

**AUDITORS**

External: Auditor General

Internal: Own Staff

**PRIMARY BANKER**

First National Bank

**REGISTERED OFFICE**

Magwa House  
Nelson Mandela Drive  
MTHATHA  
5099

Private Bag X6043  
MTHATHA  
5099

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**OR TAMBO DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

**GENERAL INFORMATION (continued)**

**MUNICIPAL MANAGER (as from 01/03/2016)**

O.N. Hlazo                      (047) 501-6400                      owenh@ortambodm.org.za

**CHIEF FINANCIAL OFFICER**

M.E. Moleko                      (047) 501-7011                      molekom@ortambodm.org.za

**APPROVAL OF FINANCIAL STATEMENTS**

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

These Annual Financial Statements will be presented to the Council for information during September 2016.

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**O.N. HLAZO**  
**MUNICIPAL MANAGER**  
31 August 2016

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**M.E. MOLEKO**  
**CHIEF FINANCIAL OFFICER**  
31 August 2016

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

**MEMBERS OF THE COUNCIL**

PARTY REPRESENTATIVES		LOCAL MUNICIPALITY REPRESENTATIVES	
Dyule NW (Ms)	ANC	Budu S	ANC
Gantsho AA - from 03/03/2016	ANC	Capa NY (Ms)	ANC
Makhedama M	ANC	Cwecwe N	ANC
Mambila LN	ANC	Dambuza MB	ANC
Mamve NN (Ms)	ANC	Dawedi AM	ANC
Mandita KD	ANC	Dlani XH	ANC
Mbede B	ANC	Dumisa TV - from	ANC
Meth N (Ms)	ANC	Gwadiso VO	ANC
Mfeya N (Ms)	ANC	Hibhane Z	ANC
Mgugudo NO (Ms)	ANC	Khupelo TE	ANC
Ngozi W	ANC	Kwaza NS (Ms)	ANC
Njemla SN	ANC	Magaya FA	ANC
Nkani BJ (Ms)	ANC	Mathe MS	ANC
Nogumla RZ	ANC	- resigned 11/04/2016	
Ntobongwana N (Ms)	ANC	Matomane NR (Ms)	ANC
- resigned 03/03/2016		Mbangata SS - from 11/04/2016	ANC
Ntsuba VW	ANC	Mbotshwa N (Ms)	ANC
Pepping PN (Ms)	ANC	Mlamli S	ANC
Sabisa T	ANC	Mnyanda V	ANC
Sabona J	ANC	Mpemnyama N	ANC
Sigcau M	ANC	Mvamveki RN	ANC
Soguntuza N (Ms)	ANC	Mziba L (Ms)	ANC
Dudumayo RB	UDM	Ngabayena M	ANC
Ndude LM	UDM	Nkungu MI	ANC
Ndzwayiba MW	COPE	Ntshoyi NP (Ms)	ANC
Xangayi CT	DA	Ruleni S	ANC
		- resigned	
		Sikhonkothela N	ANC
		Socikwa MC	ANC
		Thwatshuka D	ANC
		Zimela M	ANC
		Zweni RM	ANC
		Bunzana M	UDM
		Mkrokrelwa M	UDM
		Mzimane NF	UDM
		Ndlobongela B	UDM
		Gogo M	COPE
		Maqabuka Z	COPE
		Kotana MPJ	DA

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

**MEMBERS OF THE COUNCIL (continued)**

**CERTIFICATION OF REMUNERATION OF COUNCILLORS**

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

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**O.N. HLAZO**  
**MUNICIPAL MANAGER**  
31 August 2016

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

**FOREWORD OF THE EXECUTIVE MAYOR**

I am pleased to present the O.R. Tambo District Municipality's Annual Financial Statements for the year ended 30 June 2016. These statements, when read together with the annual report, provide a measure of our progress in line with our Integrated Developmental Plan (IDP) which is a product of high quality consultation between the municipality and its inhabitants.

We also use these statements as a tool to deepening our communications with our stakeholders. I would like to take this opportunity to thank the municipality's leadership, both politically and administratively, for their effort in advancing the will of the people. I would like to thank all officials from the Budget and Treasury Department, starting from the most junior to the most senior one, for your patience, perseverance, dedication and commitment to our strategic objectives. Your hard work, blood and sweat is helping us to turn O.R. Tambo District Municipality to be among the government institutions that are able to account for public resources.

During the 2015/16 financial year O.R. Tambo District Municipality continued to deliver equitable services to its inhabitants.

With our financial and human resources stretched, we try to stretch every cent to reach more people and attain more value from money. Growing the economy is one of our strategic priorities. We continually seek partnerships in the development of our municipality, both in the public and the private sector. We appreciate the need to foster strong partnerships across all spheres of government and to nurture our partnerships with our stakeholders and communities, and to remain relevant and accessible to these stakeholders. We seek to create a platform where community issues, such as new ideas for development or service delivery challenges, can be addressed. We are committed to principles of good governance and our goal is to remain transparent in the process of executing our responsibilities. We are also committed to the enhancement of our governance process and we wish to translate this into tangible results. These results will include strong financial controls, improved financial performance and, most importantly, the attainment of an unqualified audit opinion.

To achieve all the above, we require improved performance, both politically and administratively, strict adherence to government policy, effective implementation of council resolutions from administration and unwavering support from our communities. It is every citizen's civic duty to ensure that the greater good of society is protected, harnessed and nurtured. It is in the best interest of each person from our region to unite behind a common purpose of seeing rapid economic growth which results in the creation of new jobs, new business opportunities and safe communities to live in.

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**CLR N. METH (Ms)**  
**EXECUTIVE MAYOR**  
31 August 2016

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

**AUDIT REPORT**

The 2015/16 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as Annexure "A" when received after the completion of the statutory audit.



# OR TAMBO DISTRICT MUNICIPALITY

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2016

### REPORT OF THE CHIEF FINANCIAL OFFICER

#### 1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Or Tambo District Municipality at 30 June 2016.

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

The Statement of Financial Position at 30 June 2016 indicates an increase in Net Assets, an increase in Non-current Liabilities and an increase in Current Liabilities.

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

#### 2. KEY FINANCIAL INDICATORS

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

##### 2.1 Financial Statement Ratios:

INDICATOR	2016	2015
Surplus / (Deficit) before Appropriations	402 275 204	213 198 942
Surplus / (Deficit) at the end of the Year	4 858 513 577	4 456 238 372
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	28.93%	26.45%
Remuneration of Councillors	1.33%	1.26%
Depreciation and Amortisation	12.02%	11.65%
Impairment Losses	8.48%	11.80%
Repairs and Maintenance	7.86%	2.81%
Interest Paid	0.03%	0.14%
Bulk Purchases	3.44%	3.01%
Contracted Services	2.24%	1.66%
Grants and Subsidies Paid	5.66%	4.01%
General Expenses	30.02%	37.08%
Current Ratio:		
Trade Creditors Days	172	154
Debtors from Exchange Transactions Days	191	198

## 2.2 Performance Indicators:

INDICATOR	2016	2015
<b>Financial Position</b>		
Debtors Management:		
Outstanding Debtors to Revenue	11.22%	13.13%
Outstanding Service Debtors to Revenue	46.59%	51.59%
Liquidity Management:		
Liquidity Ratio	0.71	0.74
Liability Management:		
Capital Cost as percentage of Own Revenue	0.13%	0.78%
Borrowed Funding as percentage of Own Capital Expenditure	0.00%	0.00%
Financial Viability:		
Debt Coverage	7.31	13.11
Cost Coverage	0.31	0.29
<b>Financial Performance</b>		
Expenditure Management:		
Creditors to Cash and Investments	138.51%	131.72%
Capital Expenditure on Infrastructure to Total Capital Expenditure	96.76%	97.27%

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

## 3. OPERATING RESULTS

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

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

The overall operating results for the year ended 30 June 2016 are as follows:

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	4 456 238 372	4 243 039 430	5.02	-	100.00
Operating income for the year	1 672 106 755	1 518 547 165	10.11	2 499 327 110	(33.10)
Appropriations for the year	-	-	-	-	-
	6 128 345 127	5 761 586 595	6.37	2 499 327 110	145.20
<b>Expenditure:</b>					
Operating expenditure for the year	1 269 831 550	1 305 348 223	(2.72)	1 635 194 916	(22.34)
Sundry transfers	0	-	100.00	-	100.00
Closing surplus / (deficit)	4 858 513 577	4 456 238 372	9.03	864 132 194	462.24
	6 128 345 127	5 761 586 595	6.37	2 499 327 110	145.20

### 3.1 General Services:

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

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	1 010 269 601	900 699 574	12.16	579 804 201	74.24
Expenditure	506 580 374	524 431 928	(3.40)	517 349 537	(2.08)
Surplus / (Deficit)	503 689 228	376 267 646	33.86	62 454 664	706.49
Surplus / (Deficit) as % of total income	49.86%	41.78%		10.77%	

### 3.2 Housing Services:

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

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	-	-	-	10 383 870	(100.00)
Expenditure	8 086 338	7 200 495	12.30	10 138 869	(20.24)
Surplus / (Deficit)	(8 086 338)	(7 200 495)	12.30	245 001	(3 400.53)
Surplus / (Deficit) as % of total income	(100.00)%	(100.00)%		2.36%	

### 3.3 Water Services:

Water is bought in bulk from the Department of Water Affairs and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R43 684 750 (2015: R39 261 927 ). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	661 837 153	617 847 591	7.12	1 909 139 039	(65.33)
Expenditure	755 164 839	773 715 800	(2.40)	1 107 706 510	(31.83)
Surplus / (Deficit)	(93 327 685)	(155 868 209)	(40.12)	801 432 529	(111.65)
Surplus / (Deficit) as % of total income	(14.10)%	(25.23)%		41.98%	

#### 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R585 551 186 (2014/15: R433 468 689). Full details of Assets are disclosed in Notes 7, 8, 9, 10 and Appendices "B, C and E (4)" to the Annual Financial Statements.

The capital expenditure of R585 551 186 was financed as follows:

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Grants and Subsidies	557 032 780	413 381 706	34.75	754 191 000	(26.14)
Own Funds (Accumulated Surplus)	28 779 463	20 838 327	38.11	104 988 859	(72.59)
	585 812 243	434 220 033	34.91	859 179 859	(31.82)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2016	2015
Grants and Subsidies	95.09%	95.20%
Own Funds (Accumulated Surplus)	4.91%	4.80%
	100.00%	100.00%

#### 5. RECONCILIATION OF BUDGET TO ACTUAL

##### 5.1 Operating Budget:

DETAILS	2016	2015
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	864 132 194	884 921 588
Revenue variances	(827 220 355)	(193 913 237)
Expenditure variances:		
Employee Related Costs	9 351 327	(26 191 982)
Remuneration of Councillors	(16 623 351)	(16 008 472)
Depreciation and Amortisation	12 903 237	8 381 996
Impairment Losses	(61 193 467)	(107 837 465)
Repairs and Maintenance	(16 132 353)	(8 564 741)
Interest Paid	210 537	(1 864 857)
Bulk Purchases	6 315 250	1 738 073
Contracted Services	5 649 442	3 194 954
Grants and Subsidies Paid	556 886 476	(308 450)
General Expenses	(132 003 732)	(328 910 270)
Other Losses on Continued Operations	-	(1 438 196)
Loss on disposal of Property, Plant and Equipment	-	-
Actual surplus before appropriations	402 275 204	213 198 942

DETAILS	2016	2015
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	864 132 194	806 030 914
Executive and Council	(131 514 425)	(113 557 959)
Budget and Treasury Office	845 023 160	686 265 525
Corporate Services	(85 178 649)	(85 927 027)
Planning and Development	(53 478 313)	(71 715 516)
Health	(1 945 266)	(61 584)
Community and Social Services	(11 084 467)	(9 095 802)
Housing	(8 331 339)	(9 623 654)
Public Safety	(40 540 256)	(32 914 223)
Sport and Recreation	(3 858 650)	(2 513 101)
Environmental Protection	(22 649 126)	(14 334 214)
Roads and Transport	(51 152 255)	(5 791 046)
Water	(894 760 214)	(931 609 040)
Other	(2 387 188)	(1 954 330)
Actual surplus before appropriations	402 275 204	213 198 942

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

## 5.2 Capital Budget:

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Variance actual 2015/16 / 2014/15 R	Budgeted 2015/16 R	Variance actual/ budgeted R
Executive and Council	-	-	-	1 000 000	(1 000 000)
Budget and Treasury Office	18 727 473	11 092 398	7 635 075	23 080 500	(4 353 027)
Corporate Services	-	-	-	1 850 000	(1 850 000)
Planning and Development	261 057	751 344	(490 287)	4 050 000	(3 788 943)
Health	-	-	-	1 300 000	(1 300 000)
Community and Social Services	-	-	-	-	-
Housing	-	-	-	270 000	(270 000)
Public Safety	-	-	-	14 481 336	(14 481 336)
Roads and Transport	-	-	-	12 693 000	(12 693 000)
Water	566 823 713	422 376 291	144 447 422	800 455 023	(233 631 310)
Other	-	-	-	-	-
	585 812 243	434 220 033	151 592 210	859 179 859	(273 367 616)

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

## 6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2016 amounted to R4 858 513 577 (30 June 2015: R4 456 238 372) and is made up as follows:

Accumulated Surplus	4 858 513 577
	<u>4 858 513 577</u>

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

Refer to Note 20 and the Statement of Change in Net Assets for more detail.

## 7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2016 was R0 (30 June 2015: R20 436).

Loans to the amount of R0 (2014/15: R0) was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year.

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

## 8. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R52 306 304 as at 30 June 2016 (30 June 2015: R46 534 305) and is made up as follows:

Long Service Awards Liability	13 538 939
	<u>52 306 304</u>

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

Refer to Note 19 for more detail.

## 9. CURRENT LIABILITIES

Current Liabilities amounted R473 638 531 as at 30 June 2016 (30 June 2015: R413 331 739) and is made up as follows:

Consumer Deposits	Note 13	2 450 082
Provisions	Note 14	2 175 748
Payables from Exchange Transactions	Note 15	466 593 593
Payables from Non-exchange Transactions	Note 16	2 398 672
Unspent Conditional Grants and Receipts	Note 17	(0)
Current Portion of Long-term Liabilities	Note 18	20 436
		<u>473 638 531</u>

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

Refer to the indicated Notes for more detail.

## 10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R4 820 243 856 as at 30 June 2016 (30 June 2015: R4 405 264 659).

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

## 11. INTANGIBLE ASSETS

The net value of Intangible Assets were R2 099 104 as at 30 June 2016 (30 June 2015: R3 110 747).

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

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

## 12. INVESTMENT PROPERTY

The net value of Investment Properties were R2 200 000 as at 30 June 2016 (30 June 2015: R2 200 000).

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

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

## 13. HERITAGE ASSETS

The net value of Heritage Assets were R90 000 as at 30 June 2016 (30 June 2015: R90 000).

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

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

## 14. BIOLOGICAL ASSETS

The net value of Biological Assets were R15 988 644 as at 30 June 2016 (30 June 2015: R14 636 898).

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

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

## 15. LONG-TERM RECEIVABLES

Long-term Receivables of R1 197 650 at 30 June 2016 (30 June 2015: R296 807) is made up as follows:

Other Loans		1 197 650
		<u>1 197 650</u>
Less: Short-term portion included in Current Assets		-
		<u><u>1 197 650</u></u>

Refer to Note 12 for more detail.

## 16. CURRENT ASSETS

Current Assets amounted R542 639 158 as at 30 June 2016 (30 June 2015: R490 525 742) and is made up as follows:

Inventories	Note 2	16 614 892
Receivables from Exchange Transactions	Note 3	102 188 908
Receivables from Non-exchange Transactions	Note 4	8 418 977
VAT Receivable	Note 5	78 548 633
Cash and Cash Equivalents	Note 6	336 867 748
Current Portion of Long-term Debtors	Note 12	-
		<u><u>542 639 158</u></u>

Refer to the indicated Notes for more detail.

## **17. INTER-GOVERNMENTAL GRANTS**

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

Refer to Notes 17 and 22, and Appendix "F" for more detail.

## **18. EVENTS AFTER THE REPORTING DATE**

Full details of all known events, if any, after the reporting date are disclosed in Note 56.

## **19. EXPRESSION OF APPRECIATION**

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

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**CHIEF FINANCIAL OFFICER**

29 August 2016



**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

	Note	Actual	
		2016 R	2015 Restated R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>542 639 158</b>	<b>490 525 742</b>
Inventories	2	16 614 892	15 862 011
Receivables from Exchange Transactions	3	102 188 908	102 123 289
Receivables from Non-exchange Transactions	4	8 418 977	12 548 189
VAT Receivable	5	78 548 633	53 340 628
Cash and Cash Equivalents	6	336 867 748	306 651 625
Current Portion of Long-term Receivables	12	-	-
<b>Non-Current Assets</b>		<b>4 841 819 254</b>	<b>4 425 599 111</b>
Property, Plant and Equipment	7	4 820 243 856	4 405 264 659
Intangible Assets	8	2 099 104	3 110 747
Investment Property	9	2 200 000	2 200 000
Heritage Assets	10	90 000	90 000
Biological Assets	11	15 988 644	14 636 898
Long-term Receivables	12	1 197 650	296 807
<b>Total Assets</b>		<b>5 384 458 412</b>	<b>4 916 124 853</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>473 638 531</b>	<b>413 331 739</b>
Consumer Deposits	13	2 450 082	2 065 078
Provisions	14	2 175 748	2 337 403
Payables from Exchange Transactions	15	466 593 593	403 909 751
Payables from Non-exchange Transactions	16	2 398 672	825 069
Unspent Conditional Grants and Receipts	17	(0)	4 110 015
Current Portion of Long-term Liabilities	18	20 436	84 423
<b>Non-Current Liabilities</b>		<b>52 306 304</b>	<b>46 554 741</b>
Long-term Liabilities	18	(0)	20 436
Employee Benefit Liabilities	19	52 306 304	46 534 305
<b>Total Liabilities</b>		<b>525 944 835</b>	<b>459 886 480</b>
<b>Total Assets and Liabilities</b>		<b>4 858 513 577</b>	<b>4 456 238 372</b>
<b>NET ASSETS</b>		<b>4 858 513 577</b>	<b>4 456 238 372</b>
Accumulated Surplus / (Deficit)	20	4 858 513 577	4 456 238 372
<b>Total Net Assets</b>		<b>4 858 513 577</b>	<b>4 456 238 372</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Actual	
		2016 R	2015 Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Income from Agency Services	21	87 741	87 160
Government Grants and Subsidies Received	22	1 303 780 773	1 194 078 662
Public Contributions and Donations	23	236 323	1 963 863
<b>Revenue from Exchange Transactions</b>			
Service Charges	24	195 346 164	188 614 946
Rental of Facilities and Equipment	25	24 334	29 705
Interest Earned - External Investments	26	32 992 639	17 412 805
Interest Earned - Outstanding Debtors	26	42 029 128	33 621 598
Other Revenue	27	95 835 101	82 738 426
Other Gains on Continued Operations	38	1 774 552	-
<b>Total Revenue</b>		<b>1 672 106 755</b>	<b>1 518 547 165</b>
<b>EXPENDITURE</b>			
Employee Related Costs	28	367 396 682	345 314 924
Remuneration of Councillors	29	16 881 815	16 457 660
Depreciation and Amortisation	30	152 596 763	152 108 590
Impairment Losses	31	107 693 467	154 080 850
Repairs and Maintenance	32	99 757 607	36 698 499
Finance Costs	33	389 463	1 864 857
Bulk Purchases	34	43 684 750	39 261 927
Contracted Services	35	28 420 558	21 717 546
Grants and Subsidies Paid	36	71 823 198	52 385 596
General Expenses	37	381 187 247	484 019 579
Other Losses on Continued Operations	38	-	1 438 196
<b>Total Expenditure</b>		<b>1 269 831 550</b>	<b>1 305 348 223</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>402 275 204</b>	<b>213 198 942</b>
<b>Refer to Budget Statement for explanation of budget variances</b>			

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016**

Description	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
<b>2015</b>			
Restated Balance at 30 June 2014	(0)	4 243 039 430	4 243 039 430
Change in Accounting Policy Transactions posted to Surplus		-	-
Correction of Error Transactions posted to Surplus	-	-	-
<b>Restated Balance</b>	<b>(0)</b>	<b>4 243 039 430</b>	<b>4 243 039 430</b>
Surplus / (Deficit) for the year		213 198 942	213 198 942
<b>Restated Balance at 30 June 2015</b>	<b>(0)</b>	<b>4 456 238 372</b>	<b>4 456 238 372</b>
<b>2016</b>			
Change in Accounting Policy Transactions posted to Surplus		-	-
Correction of Error Transactions posted to Surplus		(0)	(0)
<b>Restated Balance</b>	<b>(0)</b>	<b>4 456 238 372</b>	<b>4 456 238 372</b>
Surplus / (Deficit) for the year		402 275 204	402 275 204
<b>Balance at 30 June 2016</b>	<b>(0)</b>	<b>4 858 513 577</b>	<b>4 858 513 577</b>

Details on the movement of the Funds and Reserves are set out in Note 20.

**OR TAMBO DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Actual	
		2016 R	2015 Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Government Grant and Subsidies	22	1 299 670 758	1 171 966 850
Public Contributions and Donations	23	236 323	1 963 863
Service Charges	24	138 484 484	132 137 039
Interest Received	26	50 274 777	23 927 532
Other Receipts	27	75 253 388	173 452 155
<b>Payments</b>			
Employee Related Costs	28	(361 786 338)	(339 306 874)
Remuneration of Councillors	29	(16 881 815)	(16 457 660)
Interest Paid	33	(389 463)	(1 864 857)
Suppliers Paid	35	(117 038 192)	(73 732 776)
Other Payments	37	(451 436 843)	(535 968 282)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>616 387 079</b>	<b>536 116 990</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	7	(585 551 186)	(433 468 689)
Purchase of Biological Assets	11	(261 057)	(751 344)
Proceeds on Disposal of Biological Assets		225 639	443 832
Decreases due to Harvest / Sales of Biological Assets		400 913	209 483
Decrease / (Increase) in Long-term Receivables	12	(900 843)	(179 522)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(586 086 533)</b>	<b>(433 746 241)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings	18	-	-
Repayment of Borrowings	18	(84 423)	(663 503)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(84 423)</b>	<b>(663 503)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6	<b>30 216 123</b>	<b>101 707 246</b>
Cash and Cash Equivalents at Beginning of Period		306 651 625	204 944 379
Cash and Cash Equivalents at End of Period		336 867 748	306 651 625

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL POSITION</b>										
<b>Current Assets</b>										
Inventories	17 531 409	-	17 531 409	-	-	17 531 409	16 614 892	(916 517)	94.77	94.77
Receivables from Exchange Transactions	229 647 615	-	229 647 615	-	-	229 647 615	102 188 908	(127 458 707)	44.50	44.50
Receivables from Non-exchange Transactions	4 292 243	-	4 292 243	-	-	4 292 243	8 418 977	4 126 734	196.14	196.14
VAT Receivable	-	-	-	-	-	-	78 548 633	78 548 633	0.00	0.00
Cash and Cash Equivalents	568 815 124	(77 865 006)	490 950 118	-	-	490 950 118	336 867 748	(154 082 370)	68.62	59.22
Current Portion of Long-term Receivables	2 189 648	-	2 189 648	-	-	2 189 648	-	(2 189 648)	0.00	0.00
<b>Non-Current Assets</b>										
Property, Plant and Equipment	7 177 066 276	(18 289 841)	7 158 776 435	-	-	7 158 776 435	4 820 243 856	(2 338 532 579)	67.33	67.16
Intangible Assets	3 834 722	-	3 834 722	-	-	3 834 722	2 099 104	(1 735 618)	54.74	54.74
Investment Property	2 200 000	-	2 200 000	-	-	2 200 000	2 200 000	-	100.00	100.00
Heritage Assets	-	-	-	-	-	-	90 000	90 000	0.00	0.00
Biological Assets	13 634 893	-	13 634 893	-	-	13 634 893	15 988 644	2 353 751	117.26	117.26
Long-term Receivables	-	-	-	-	-	-	1 197 650	1 197 650	0.00	0.00
<b>Total Assets</b>	<b>8 019 211 930</b>	<b>(96 154 847)</b>	<b>7 923 057 083</b>	<b>-</b>	<b>-</b>	<b>7 923 057 083</b>	<b>5 384 458 412</b>	<b>(2 538 598 671)</b>	<b>67.96</b>	<b>67.14</b>
<b>Current Liabilities</b>										
Consumer Deposits	-	-	-	-	-	-	2 450 082	2 450 082	0.00	0.00
Provisions	-	-	-	-	-	-	2 175 748	2 175 748	0.00	0.00
Payables from Exchange Transactions	464 556 645	(77 865 006)	386 691 639	-	-	386 691 639	466 593 593	79 901 954	120.66	100.44
Payables from Non-exchange Transactions	-	-	-	-	-	-	2 398 672	2 398 672	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	(0)	(0)	0.00	0.00
Current Portion of Long-term Liabilities	250 000	-	250 000	-	-	250 000	20 436	(229 564)	8.17	8.17
<b>Non-Current Liabilities</b>										
Long-term Liabilities	75 000	-	75 000	-	-	75 000	(0)	(75 000)	0.00	0.00
Retirement Benefit Liabilities	-	-	-	-	-	-	52 306 304	52 306 304	0.00	0.00
<b>Total Liabilities</b>	<b>464 881 645</b>	<b>(77 865 006)</b>	<b>387 016 639</b>	<b>-</b>	<b>-</b>	<b>387 016 639</b>	<b>525 944 835</b>	<b>138 928 196</b>	<b>135.90</b>	<b>113.14</b>
<b>Total Assets and Liabilities</b>	<b>7 554 330 285</b>	<b>(18 289 841)</b>	<b>7 536 040 444</b>	<b>-</b>	<b>-</b>	<b>7 536 040 444</b>	<b>4 858 513 577</b>	<b>(2 677 526 867)</b>	<b>64.47</b>	<b>64.31</b>
<b>Net Assets (Equity)</b>										
Accumulated Surplus / (Deficit)	7 554 330 285	(18 289 841)	7 536 040 444	-	-	7 536 040 444	4 858 513 577	(2 677 526 867)	64.47	64.31
<b>Total Net Assets</b>	<b>7 554 330 285</b>	<b>(18 289 841)</b>	<b>7 536 040 444</b>	<b>-</b>	<b>-</b>	<b>7 536 040 444</b>	<b>4 858 513 577</b>	<b>(2 677 526 867)</b>	<b>64.47</b>	<b>64.31</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

***Financial Position: Explanation of Variances between Approved Budget and Actual***

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

Receivables from Exchange Transactions:

NT Template not aligned to GRAP and the budget includes VAT Receivable. Program was introduced whereby amnesty is granted for the debts up to 60% of payment of a portion - this caused larger decrease in debtors than anticipated.

Receivables from Non-exchange Transactions:

Debtors as a result of pending investigations were not included in the budget.

VAT Receivable:

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

Cash and Cash Equivalents:

Overspending resulted in decrease in budgeted cash in bank.

Current Portion of Long-term Receivables:

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

Property, Plant and Equipment:

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

Intangible Assets:

Assets budgeted for, not procured during the year.

Heritage Assets:

Included in budget for Property, Plant & Equipment.

Biological Assets:

Births and weaning were projected less than actual outcome.

Long-term Receivables:

It was not budgeted for Long-term Receivables.

Consumer Deposits:

It was not budgeted for Consumer Deposits.

Provisions:

It was not budgeted for Provisions.

Payables from Exchange Transactions:

It was under-budgeted for Payables from Exchange Transactions; the bulk of the amount is for accruals that are paid after year-end.

Payables from Non-exchange Transactions:

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

Current Portion of Long-term Liabilities:

Equipment leased is fewer than budgeted for.

Long-term Liabilities:

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

Retirement Benefit Liabilities:

It was not budgeted for Retirement Benefit Liabilities.

Accumulated Surplus / (Deficit):

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL PERFORMANCE</b>										
<b>Revenue from Non-exchange Transactions</b>										
Income for Agency Services	-	-	-	-	-	-	87 741	87 741	0.00	0.00
Government Grants and Subsidies Received	1 370 789 605	19 810 395	1 390 600 000	-	4 110 015	1 394 710 015	784 518 557	(610 191 458)	56.25	57.23
Public Contributions and Donations	-	-	-	-	-	-	236 323	236 323	0.00	0.00
<b>Revenue from Exchange Transactions</b>										
Service Charges	748 568 590	15 000 000	763 568 590	-	-	763 568 590	195 346 164	(568 222 426)	25.58	26.10
Rental of Facilities and Equipment	50 000	-	50 000	-	-	50 000	24 334	(25 666)	48.67	48.67
Interest Earned - External Investments	22 000 000	2 000 000	24 000 000	-	-	24 000 000	32 992 639	8 992 639	137.47	149.97
Interest Earned - Outstanding Debtors	15 460 000	-	15 460 000	-	-	15 460 000	42 029 128	26 569 128	271.86	271.86
Other Income	215 766 868	85 771 637	301 538 505	-	-	301 538 505	95 835 101	(205 703 404)	31.78	44.42
Other Gains on Continued Operations	-	-	-	-	-	-	1 774 552	1 774 552	0.00	0.00
<b>Total Revenue</b>	<b>2 372 635 063</b>	<b>122 582 032</b>	<b>2 495 217 095</b>	<b>-</b>	<b>4 110 015</b>	<b>2 499 327 110</b>	<b>1 152 844 539</b>	<b>(1 346 482 571)</b>	<b>46.13</b>	<b>48.59</b>
<b>Expenditure</b>										
Employee Related Costs	365 930 790	11 217 219	377 148 009	-	(400 000)	376 748 009	367 396 682	(9 351 327)	97.52	100.40
Remuneration of Councillors	258 464	-	258 464	-	-	258 464	16 881 815	16 623 351	6 531.59	6 531.59
Depreciation and Amortisation	165 500 000	-	165 500 000	-	-	165 500 000	152 596 763	(12 903 237)	92.20	92.20
Impairment Losses	48 500 000	(2 000 000)	46 500 000	-	-	46 500 000	107 693 467	61 193 467	231.60	222.05
Repairs and Maintenance	78 094 678	13 330 576	91 425 254	-	(7 800 000)	83 625 254	99 757 607	16 132 353	119.29	127.74
Finance Costs	-	600 000	600 000	-	-	600 000	389 463	(210 537)	64.91	0.00
Bulk Purchases	50 000 000	-	50 000 000	-	-	50 000 000	43 684 750	(6 315 250)	87.37	87.37
Contracted Services	37 212 500	1 037 500	38 250 000	-	(4 180 000)	34 070 000	28 420 558	(5 649 442)	83.42	76.37
Grants and Subsidies Paid	600 679 146	26 455 600	627 134 746	-	1 574 928	628 709 674	71 823 198	(556 886 476)	11.42	11.96
General Expenses	174 400 183	57 302 250	231 702 433	-	17 481 082	249 183 515	381 187 247	132 003 732	152.97	218.57
Other Losses on Continued Operations	-	-	-	-	-	-	-	-	0.00	0.00
<b>Total Expenditure</b>	<b>1 520 575 761</b>	<b>107 943 145</b>	<b>1 628 518 906</b>	<b>-</b>	<b>6 676 010</b>	<b>1 635 194 916</b>	<b>1 269 831 550</b>	<b>(365 363 366)</b>	<b>77.66</b>	<b>83.51</b>
<b>Surplus/(Deficit)</b>	<b>852 059 302</b>	<b>14 638 887</b>	<b>866 698 189</b>	<b>-</b>	<b>(2 565 995)</b>	<b>864 132 194</b>	<b>(116 987 012)</b>	<b>(981 119 206)</b>	<b>0.00</b>	<b>0.00</b>
Transfers Recognised - Capital	-	-	-	-	-	-	519 262 216	519 262 216	0.00	0.00
<b>Surplus/(Deficit for the Year)</b>	<b>852 059 302</b>	<b>14 638 887</b>	<b>866 698 189</b>	<b>-</b>	<b>(2 565 995)</b>	<b>864 132 194</b>	<b>402 275 204</b>	<b>(461 856 990)</b>	<b>46.55</b>	<b>47.21</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

**Financial Performance: Explanation of Variances between Approved Budget and Actual**

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

Income for Agency Services:

Income for Agency Services exceeded budgetary expectations.

Government Grants and Subsidies Received:

Capital Transfers below are included in the budget for Government Grants and Subsidies Received.

Public Contributions and Donations:

It was not budgeted for Public Contributions and Donations.

Service Charges:

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

Rental of Facilities and Equipment:

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

Interest Earned - External Investments:

Best interest rates for the call investments were sourced and several quotations after maturity of short-term investments were done to choose best rates.

Interest Earned - Outstanding Debtors:

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

Other Income:

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

Other Gains on Continued Operations:

Negligible amount.

Remuneration of Councillors:

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

Impairment Losses:

It was only budgeted for Impairment Losses on Financial Assets, and no Capital Assets were projected to be impaired.

Repairs and Maintenance:

Some expenditure for replacement of infrastructure was budgeted for under capital expenditure, but was expensed as it does not meet the asset measurement requirements.

Finance Costs:

Budgeted for under General Expenses.

Bulk Purchases:

Delays in receiving invoices from DWAS resulted in increased accrual for creditors and payment for consumption of the prior year.

Contracted Services:

It was over-budgeted for professional fee incurred for Contracted Services.

Grants and Subsidies Paid:

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

General Expenses :

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

Transfers Recognised - Capital:

Capital Transfers are included in the budget for Government Grants and Subsidies Received above.



**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE PER FUNCTION</b>										
Executive and Council	1 000 000	-	1 000 000	-	-	1 000 000	-	(1 000 000)	0.00	0.00
Budget and Treasury Office	24 880 500	(1 800 000)	23 080 500	-	-	23 080 500	18 727 473	(4 353 027)	81.14	75.27
Corporate Services	2 750 000	(900 000)	1 850 000	-	-	1 850 000	-	(1 850 000)	0.00	0.00
Community and Social Services	-	-	-	-	-	-	-	-	0.00	0.00
Public Safety	13 000 000	1 481 336	14 481 336	-	-	14 481 336	-	(14 481 336)	0.00	0.00
Housing	1 770 000	(1 500 000)	270 000	-	-	270 000	-	(270 000)	0.00	0.00
Health	1 200 000	100 000	1 300 000	-	-	1 300 000	-	(1 300 000)	0.00	0.00
Planning and Development	4 190 000	(140 000)	4 050 000	-	-	4 050 000	261 057	(3 788 943)	6.45	6.23
Roads and Transport	15 693 000	(3 000 000)	12 693 000	-	-	12 693 000	-	(12 693 000)	0.00	0.00
Water	812 876 200	(12 421 177)	800 455 023	-	-	800 455 023	566 823 713	(233 631 310)	70.81	69.73
Other	200 000	(200 000)	-	-	-	-	-	-	0.00	0.00
<b>Total Capital Expenditure</b>	<b>877 559 700</b>	<b>(18 379 841)</b>	<b>859 179 859</b>	<b>-</b>	<b>-</b>	<b>859 179 859</b>	<b>585 812 243</b>	<b>(273 367 616)</b>	<b>68.18</b>	<b>66.75</b>

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

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

Executive and Council:

Expenditure centralised in Budget and Treasury.

Budget and Treasury Office

Includes capital expenditure of other departments.

Corporate Services

Expenditure centralised in Budget and Treasury.

Public Safety:

Expenditure centralised in Budget and Treasury.

Housing:

Expenditure centralised in Budget and Treasury.

Health:

Expenditure centralised in Budget and Treasury.

Planning and Development:

Expenditure centralised in Budget and Treasury.

Roads and Transport:

Expenditure centralised in Budget and Treasury.

Water:

Budget includes expenditure for construction of VIP toilets which is expensed since it does not meet the asset recognition criteria.

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>CASH FLOW</b>										
<b>Cash Flows from/(used in) Operating Activities</b>										
Property Rates	-	-	-	-	-	-	-	-	0.00	0.00
Grants	1 385 600 000	9 467 600	1 395 067 600	-	-	1 395 067 600	1 299 670 758	(95 396 842)	93.16	93.80
Public Contributions and Donations	-	-	-	-	-	-	236 323	236 323	0.00	0.00
Service Charges	153 906 590	11 000 000	164 906 590	-	-	164 906 590	138 484 484	(26 422 106)	83.98	89.98
Interest Received	37 460 000	2 000 000	39 460 000	-	-	39 460 000	50 274 777	10 814 777	127.41	134.21
Other Receipts	107 573 668	76 738 216	184 311 884	-	-	184 311 884	75 253 388	(109 058 496)	40.83	69.96
Employee Related Costs	-	-	-	-	-	-	(361 786 338)	(361 786 338)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(16 881 815)	(16 881 815)	0.00	0.00
Interest Paid	-	-	-	-	-	-	(389 463)	(389 463)	0.00	0.00
Suppliers Paid	(729 536 612)	(100 467 317)	(830 003 929)	-	-	(830 003 929)	(117 038 192)	712 965 737	0.00	0.00
Other Payments	(31 777 146)	(4 674 000)	(36 451 146)	-	-	(36 451 146)	(451 436 843)	(414 985 697)	0.00	0.00
<b>Cash Flows from/(used in) Investing Activities</b>										
Purchase of Property, Plant and Equipment	(877 469 700)	18 289 841	(859 179 859)	-	-	(859 179 859)	(585 551 186)	273 628 673	0.00	0.00
Purchase of Biological Assets	-	-	-	-	-	-	(261 057)	(261 057)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	121 243 200	(16 254 341)	104 988 859	-	-	104 988 859	-	(104 988 859)	0.00	0.00
Proceeds on Disposal of Biological Assets	-	-	-	-	-	-	225 639	225 639	0.00	0.00
Decreases due to Harvest / Sales of Biological Assets	-	-	-	-	-	-	400 913	400 913	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	(900 843)	(900 843)	0.00	0.00
<b>Cash Flows from/(used in) Financing Activities</b>										
New Loans raised	-	-	-	-	-	-	-	-	0.00	0.00
Loans repaid	-	-	-	-	-	-	(84 423)	(84 423)	0.00	0.00
<b>Cash and Cash Equivalents at End of the Year</b>	<b>167 000 000</b>	<b>(3 900 001)</b>	<b>163 099 999</b>	<b>-</b>	<b>-</b>	<b>163 099 999</b>	<b>30 216 123</b>	<b>(132 883 876)</b>	<b>18.53</b>	<b>18.09</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

***Cash Flow: Explanation of Variances between Approved Budget and Actual***

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

Public Contributions and Donations

It was not budgeted for Public Contributions and Donations.

Service Charges

It was over-budgeted for Service Charges as there were fewer new accounts opened than anticipated.

Interest Received

More funds were invested at attractive interest rates.

Other Receipts

Budget includes reserves funding.

Employee Related Costs

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

Remuneration of Councillors

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

Interest Paid

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

Suppliers Paid

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

Other Payments

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

Purchase of Property, Plant and Equipment:

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

Proceeds on Disposal of Property, Plant and Equipment:

Anticipated auction of assets did not realise.

Decrease / (Increase) in Long-term Receivables:

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

Loans repaid:

It was not budgeted for Loans Repaid.

Cash and Cash Equivalents at End of the Year:

Overspending resulted in lower cash inflow.

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL POSITION</b>										
<b>Current Assets</b>										
Inventories	16 696 580	-	16 696 580	-	-	16 696 580	15 862 011	(834 569)	95.00	95.00
Receivables from Exchange Transactions	22 476 851	155 000 000	177 476 851	-	-	177 476 851	102 123 289	(75 353 562)	57.54	454.35
Receivables from Non-exchange Transactions	4 087 850	-	4 087 850	-	-	4 087 850	12 548 189	8 460 339	306.96	306.96
VAT Receivable	-	-	-	-	-	-	53 340 628	53 340 628	0.00	0.00
Cash and Cash Equivalents	842 809 190	(440 994 067)	401 815 123	-	-	401 815 123	306 651 625	(95 163 498)	76.32	36.38
Current Portion of Long-term Receivables	2 085 379	-	2 085 379	-	-	2 085 379	-	(2 085 379)	0.00	0.00
<b>Non-Current Assets</b>										
Property, Plant and Equipment	6 483 846 576	(16 535 000)	6 467 311 576	-	(2 215 000)	6 465 096 576	4 405 264 659	(2 059 831 917)	68.14	67.94
Intangible Assets	3 652 116	-	3 652 116	-	-	3 652 116	3 110 747	(541 370)	85.18	85.18
Investment Property	2 200 000	-	2 200 000	-	-	2 200 000	2 200 000	-	100.00	100.00
Heritage Assets	-	-	-	-	-	-	90 000	90 000	0.00	0.00
Biological Assets	12 985 613	-	12 985 613	-	-	12 985 613	14 636 898	1 651 286	112.72	112.72
Long-term Receivables	-	-	-	-	-	-	296 807	296 807	0.00	0.00
<b>Total Assets</b>	<b>7 390 840 154</b>	<b>(302 529 067)</b>	<b>7 088 311 087</b>	<b>-</b>	<b>(2 215 000)</b>	<b>7 086 096 087</b>	<b>4 916 124 853</b>	<b>(2 169 971 235)</b>	<b>69.38</b>	<b>66.52</b>
<b>Current Liabilities</b>										
Consumer Deposits	-	-	-	-	-	-	2 065 078	2 065 078	0.00	0.00
Provisions	-	-	-	-	-	-	2 337 403	2 337 403	0.00	0.00
Payables from Exchange Transactions	497 379 954	(80 665 451)	416 714 503	-	(2 215 000)	414 499 503	403 909 751	(10 589 752)	97.45	81.21
Payables from Non-exchange Transactions	-	-	-	-	-	-	825 069	825 069	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	4 110 015	4 110 015	0.00	0.00
Current Portion of Long-term Liabilities	245 000	-	245 000	-	-	245 000	84 423	(160 577)	34.46	34.46
<b>Non-Current Liabilities</b>										
Long-term Liabilities	70 000	-	70 000	-	-	70 000	20 436	(49 564)	29.19	29.19
Retirement Benefit Liabilities	-	-	-	-	-	-	46 534 305	46 534 305	0.00	0.00
<b>Total Liabilities</b>	<b>497 694 954</b>	<b>(80 665 451)</b>	<b>417 029 503</b>	<b>-</b>	<b>(2 215 000)</b>	<b>414 814 503</b>	<b>459 886 480</b>	<b>45 071 977</b>	<b>110.87</b>	<b>92.40</b>
<b>Total Assets and Liabilities</b>	<b>6 893 145 200</b>	<b>(221 863 616)</b>	<b>6 671 281 584</b>	<b>-</b>	<b>-</b>	<b>6 671 281 584</b>	<b>4 456 238 372</b>	<b>(2 215 043 212)</b>	<b>66.80</b>	<b>64.65</b>
<b>Net Assets (Equity)</b>										
Accumulated Surplus / (Deficit)	6 893 145 200	(221 863 616)	6 671 281 584	-	-	6 671 281 584	4 456 238 372	(2 215 043 212)	66.80	64.65
<b>Total Net Assets</b>	<b>6 893 145 200</b>	<b>(221 863 616)</b>	<b>6 671 281 584</b>	<b>-</b>	<b>-</b>	<b>6 671 281 584</b>	<b>4 456 238 372</b>	<b>(2 215 043 212)</b>	<b>66.80</b>	<b>64.65</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

***Financial Position: Explanation of Variances between Approved Budget and Actual***

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

Receivables from Exchange Transactions:

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

Receivables from Non-exchange Transactions:

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

VAT Receivable:

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

Cash and Cash Equivalents:

Overspending resulted in decrease in budgeted cash in bank.

Current Portion of Long-term Receivables:

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

Property, Plant and Equipment:

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

Intangible Assets:

Assets budgeted for, not procured during the year.

Heritage Assets:

Included in budget for Property, Plant & Equipment.

Biological Assets:

Births and weaning were projected less than actual outcome.

Long-term Receivables:

It was not budgeted for Long-term Receivables.

Consumer Deposits:

It was not budgeted for Consumer Deposits.

Provisions:

It was not budgeted for Provisions.

Payables from Non-exchange Transactions:

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

Unspent Conditional Grants and Receipts:

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

Current Portion of Long-term Liabilities:

Equipment leased is fewer than budgeted for.

Long-term Liabilities:

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

Retirement Benefit Liabilities:

It was not budgeted for Retirement Benefit Liabilities.

Accumulated Surplus / (Deficit):

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL PERFORMANCE</b>										
<b>Revenue from Non-exchange Transactions</b>										
Income for Agency Services	-	-	-	-	-	-	87 160	87 160	0.00	0.00
Government Grants and Subsidies Received	1 274 260 997	3 438 003	1 277 699 000	-	5 153 159	1 282 852 159	760 140 291	(522 711 867)	59.25	59.65
Public Contributions and Donations	-	-	-	-	-	-	1 963 863	1 963 863	0.00	0.00
<b>Revenue from Exchange Transactions</b>										
Service Charges	185 289 236	177 588 553	362 877 789	-	-	362 877 789	188 614 946	(174 262 843)	51.98	101.79
Rental of Facilities and Equipment	35 000	-	35 000	-	-	35 000	29 705	(5 295)	84.87	84.87
Interest Earned - External Investments	18 379 168	400 000	18 779 168	-	-	18 779 168	17 412 805	(1 366 363)	92.72	94.74
Interest Earned - Outstanding Debtors	18 460 000	-	18 460 000	-	-	18 460 000	33 621 598	15 161 598	182.13	182.13
Other Income	211 036 001	17 006 126	228 042 127	-	(1 779 487)	226 262 640	82 738 426	(143 524 214)	36.57	39.21
Other Gains on Continued Operations	-	-	-	-	-	-	-	-	0.00	0.00
Gains on Disposal of Property, Plant and Equipment	5 000 000	2 000 000	7 000 000	-	-	7 000 000	-	(7 000 000)	0.00	0.00
<b>Total Revenue</b>	<b>1 712 460 402</b>	<b>200 432 682</b>	<b>1 912 893 084</b>	<b>-</b>	<b>3 373 672</b>	<b>1 916 266 756</b>	<b>1 084 608 794</b>	<b>(831 657 962)</b>	<b>56.60</b>	<b>63.34</b>
<b>Expenditure</b>										
Employee Related Costs	319 122 942	20 922 457	340 045 399	-	1 375 267	341 420 666	345 314 924	3 894 258	101.14	108.21
Remuneration of Councillors	449 188	(449 188)	-	-	-	-	16 457 660	16 457 660	0.00	3 663.87
Depreciation and Amortisation	160 490 586	400 000	160 890 586	-	-	160 890 586	152 108 590	(8 781 996)	94.54	94.78
Impairment Losses	46 243 385	-	46 243 385	-	-	46 243 385	154 080 850	107 837 465	333.20	333.20
Repairs and Maintenance	28 133 758	24 069 779	52 203 537	-	(820 000)	51 383 537	36 698 499	(14 685 038)	71.42	130.44
Finance Costs	-	-	-	-	1 834 053	1 834 053	1 864 857	30 804	101.68	0.00
Bulk Purchases	41 000 000	-	41 000 000	-	-	41 000 000	39 261 927	(1 738 073)	95.76	95.76
Contracted Services	24 912 500	3 021 000	27 933 500	-	(2 200 000)	25 733 500	21 717 546	(4 015 954)	84.39	87.18
Grants and Subsidies Paid	52 077 146	180 122 553	232 199 699	-	100 000	232 299 699	52 385 596	(179 914 103)	22.55	100.59
General Expenses	155 109 309	36 111 107	191 220 416	-	18 210 000	209 430 416	484 019 579	274 589 163	231.11	312.05
Other Losses on Continued Operations	-	-	-	-	-	-	1 438 196	1 438 196	0.00	0.00
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	0.00	0.00
<b>Total Expenditure</b>	<b>827 538 814</b>	<b>264 197 708</b>	<b>1 091 736 522</b>	<b>-</b>	<b>18 499 320</b>	<b>1 110 235 842</b>	<b>1 305 348 223</b>	<b>195 112 381</b>	<b>117.57</b>	<b>157.74</b>
<b>Surplus/(Deficit)</b>	<b>884 921 588</b>	<b>(63 765 026)</b>	<b>821 156 562</b>	<b>-</b>	<b>(15 125 648)</b>	<b>806 030 914</b>	<b>(220 739 429)</b>	<b>(1 026 770 343)</b>	<b>0.00</b>	<b>0.00</b>
Transfers Recognised - Capital	-	-	-	-	-	-	433 938 371	433 938 371	0.00	0.00
<b>Surplus/(Deficit for the Year)</b>	<b>884 921 588</b>	<b>(63 765 026)</b>	<b>821 156 562</b>	<b>-</b>	<b>(15 125 648)</b>	<b>806 030 914</b>	<b>213 198 942</b>	<b>(592 831 972)</b>	<b>26.45</b>	<b>24.09</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

***Financial Performance: Explanation of Variances between Approved Budget and Actual***

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

Income for Agency Services:

Income for Agency Services exceeded budgetary expectations.

Government Grants and Subsidies Received:

Capital Transfers below are included in the budget for Government Grants and Subsidies Received.

Public Contributions and Donations:

It was not budgeted for Public Contributions and Donations.

Service Charges:

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

Rental of Facilities and Equipment:

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

Interest Earned - Outstanding Debtors:

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

Other Income:

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

Gains on Disposal of Property, Plant and Equipment:

Anticipated auction of assets did not realise.

Remuneration of Councillors:

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

Impairment Losses:

It was not budgeted for Impairment Losses.

Repairs and Maintenance:

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

Contracted Services:

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

Grants and Subsidies Paid:

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

General Expenses :

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

Other Losses on Continued Operations:

It was not budgeted for Other Losses on Continued Operations.

Transfers Recognised - Capital:

Capital Transfers are included in the budget for Government Grants and Subsidies Received above.

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE PER FUNCTION</b>										
Executive and Council	4 000 000	-	4 000 000	-	(1 175 000)	2 825 000	-	(2 825 000)	0.00	0.00
Budget and Treasury Office	7 845 000	300 000	8 145 000	-	(2 675 000)	5 470 000	11 092 398	5 622 398	202.79	141.39
Corporate Services	3 050 000	(400 000)	2 650 000	-	300 000	2 950 000	-	(2 950 000)	0.00	0.00
Community and Social Services	-	2 800 000	2 800 000	-	-	2 800 000	-	(2 800 000)	0.00	0.00
Public Safety	10 700 000	(4 000 000)	6 700 000	-	-	6 700 000	-	(6 700 000)	0.00	0.00
Housing	1 070 000	700 000	1 770 000	-	-	1 770 000	-	(1 770 000)	0.00	0.00
Health	1 000 000	-	1 000 000	-	-	1 000 000	-	(1 000 000)	0.00	0.00
Planning and Development	5 165 000	521 507	5 686 507	-	(140 000)	5 546 507	751 344	(4 795 163)	13.55	14.55
Roads and Transport	2 686 000	-	2 686 000	-	-	2 686 000	-	(2 686 000)	0.00	0.00
Water	799 739 054	(14 720 000)	785 019 054	-	(11 600 000)	773 419 054	422 376 291	(351 042 763)	54.61	52.81
Other	200 000	-	200 000	-	-	200 000	-	(200 000)	0.00	0.00
<b>Total Capital Expenditure</b>	<b>835 455 054</b>	<b>(14 798 493)</b>	<b>820 656 561</b>	<b>-</b>	<b>(15 290 000)</b>	<b>805 366 561</b>	<b>434 220 033</b>	<b>(371 146 528)</b>	<b>53.92</b>	<b>51.97</b>

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

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

Executive and Council:

Expenditure centralised in Budget and Treasury.

Budget and Treasury Office

Includes capital expenditure of other departments.

Corporate Services

Expenditure centralised in Budget and Treasury.

Community and Social Services:

Expenditure centralised in Budget and Treasury.

Public Safety:

Expenditure centralised in Budget and Treasury.

Housing:

Expenditure centralised in Budget and Treasury.

Health:

Expenditure centralised in Budget and Treasury.

Planning and Development:

Expenditure centralised in Budget and Treasury.

Roads and Transport:

Expenditure centralised in Budget and Treasury.

Water:

Projects budgeted for did not realise.

Other:

Expenditure centralised in Budget and Treasury.



**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>CASH FLOW</b>										
<b>Cash Flows from/(used in) Operating Activities</b>										
Property Rates	-	-	-	-	-	-	-	-	0.00	0.00
Grants	1 274 376 000	3 323 000	1 277 699 000	-	-	1 277 699 000	1 171 966 850	(105 732 149)	91.72	91.96
Public Contributions and Donations	-	-	-	-	-	-	1 963 863	1 963 863	0.00	0.00
Service Charges	157 505 851	-	157 505 851	-	10 040 000	167 545 851	132 137 039	(35 408 812)	78.87	83.89
Interest Received	37 339 168	(100 000)	37 239 168	-	5 760 832	43 000 000	23 927 532	(19 072 468)	55.65	64.08
Other Receipts	196 318 501	20 263 627	216 582 128	-	(39 860 563)	176 721 565	173 452 155	(3 269 410)	98.15	88.35
Employee Related Costs	-	-	-	-	-	-	(339 306 874)	(339 306 874)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(16 457 660)	(16 457 660)	0.00	0.00
Interest Paid	-	-	-	-	-	-	(1 864 857)	(1 864 857)	0.00	0.00
Suppliers Paid	(607 543 429)	(55 643 423)	(663 186 852)	-	21 844 729	(641 342 122)	(73 732 776)	567 609 346	0.00	0.00
Other Payments	(14 520 000)	(29 307 146)	(43 827 146)	-	-	(43 827 146)	(535 968 282)	(492 141 136)	0.00	0.00
<b>Cash Flows from/(used in) Investing Activities</b>										
Purchase of Property, Plant and Equipment	(835 455 054)	14 798 493	(820 656 561)	-	2 215 000	(818 441 561)	(433 468 689)	384 972 872	0.00	0.00
Purchase of Biological Assets	-	-	-	-	-	-	(751 344)	(751 344)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	5 080 000	-	5 080 000	-	-	5 080 000	0	(5 080 000)	0.00	0.00
Proceeds on Disposal of Biological Assets	-	-	-	-	-	-	443 832	443 832	0.00	0.00
Decreases due to Harvest / Sales of Biological Assets	-	-	-	-	-	-	209 483	209 483	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	(179 522)	(179 522)	0.00	0.00
<b>Cash Flows from/(used in) Financing Activities</b>										
New Loans raised	-	-	-	-	-	-	-	-	0.00	0.00
Loans repaid	-	-	-	-	-	-	(663 503)	(663 503)	0.00	0.00
<b>Cash and Cash Equivalents at End of the Year</b>	<b>213 101 037</b>	<b>(46 665 449)</b>	<b>166 435 588</b>	<b>-</b>	<b>(2)</b>	<b>166 435 586</b>	<b>101 707 246</b>	<b>(64 728 340)</b>	<b>61.11</b>	<b>47.73</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

***Cash Flow: Explanation of Variances between Approved Budget and Actual***

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

Public Contributions and Donations

It was not budgeted for Public Contributions and Donations.

Service Charges

It was over-budgeted for Service Charges.

Interest Received

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

Employee Related Costs

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

Remuneration of Councillors

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

Interest Paid

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

Suppliers Paid

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

Other Payments

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

Purchase of Property, Plant and Equipment:

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

Proceeds on Disposal of Property, Plant and Equipment:

Anticipated auction of assets did not realise.

Decrease / (Increase) in Long-term Receivables:

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

Loans repaid:

It was not budgeted for Loans Repaid.

Cash and Cash Equivalents at End of the Year:

Overspending resulted in lower cash inflow.

**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

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

Description	2015/16		2014/15
	R		R
<b>Net surplus/(deficit) per the statement of financial performance</b>	<b>402 275 204</b>		<b>213 198 942</b>
<b>Revenue from Non-exchange Transactions</b>			
Revenue for Agency Services	(87 741)		(87 160)
Government Grants and Subsidies Received	90 929 242		88 773 497
Public Contributions and Donations	(236 323)		(1 963 863)
<b>Revenue from Exchange Transactions</b>			
Service Charges	568 222 426		174 262 843
Rental of Facilities and Equipment	25 666		5 295
Interest Earned - External Investments	(8 992 639)		1 366 363
Interest Earned - Outstanding Debtors	(26 569 128)		(15 161 598)
Other Revenue	205 703 404		143 524 214
Other Gains on Continued Operations	(1 774 552)		-
Gains on Disposal of Property, Plant and Equipment	-		7 000 000
<b>Expenditure</b>			
Employee Related Costs	(9 351 327)		3 894 258
Remuneration of Councillors	16 623 351		16 457 660
Depreciation and Amortisation	(12 903 237)		(8 781 996)
Impairment Losses	61 193 467		107 837 465
Repairs and Maintenance	16 132 353		(14 685 038)
Finance Costs	(210 537)		30 804
Bulk Purchases	(6 315 250)		(1 738 073)
Contracted Services	(5 649 442)		(4 015 954)
Grants and Subsidies Paid	(556 886 476)		(179 914 103)
General Expenses	132 003 732		274 589 163
Other Losses on Continued Operations	-		1 438 196
Loss on Disposal of Property, Plant and Equipment	-		-
<b>Net surplus/deficit per approved budget</b>	<b>864 132 194</b>		<b>806 030 914</b>

# OR TAMBO DISTRICT MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 1. BASIS OF PRESENTATION

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

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

#### 1.1 Changes in Accounting Policy and Comparability

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

For the years ended 30 June 2015 and 30 June 2016 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

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

#### 1.2 Critical Judgements, Estimations and Assumptions

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

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

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

##### 1.2.1 Revenue Recognition

Accounting Policy 12.2 on Revenue from Exchange Transactions and Accounting Policy 12.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

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

##### 1.2.2 Financial Assets and Liabilities

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

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.2.3 Impairment of Financial Assets

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

- **Impairment of Trade Receivables:**

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

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

#### 1.2.4 Fair Value Estimations

As described in Accounting Policy 7.2, the municipality subsequently measures its Biological Assets in terms of the Fair Value Model.

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

- **Biological Assets:**

The fair value less estimated point-of-sale costs used to value Biological Assets requires management to make certain assumptions which are subject to change. The current assumptions are as follows:

- Cattle are valued at the prevailing market rates, as determined by breed, genetic merit and age, less point-of-sale costs.
- Fruit Trees, Harvest and Vegetables are valued by way of arm's length transaction that would have been applied / prevailing in replacing the existing fruit trees, harvest and vegetables with new fruit trees, harvest and vegetables.

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

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

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

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

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

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

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

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.2.7 Water Inventory

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

#### 1.2.8 Defined Benefit Plan Liabilities

As described in Accounting Policy 14.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

#### 1.2.9 Provisions and Contingent Liabilities

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

#### 1.2.10 Budget Information

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

#### 1.3 Presentation Currency

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

#### 1.4 Going Concern Assumption

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

#### 1.5 Offsetting

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

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

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

- GRAP 18 Segment Reporting - issued February 2011
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor - issued August 2013
- GRAP 108 Statutory Receivables - issued September 2013
- IGRAP 17 Service Concession Arrangements where a Grantor controls a significant Residual Interest in an Asset

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

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

- GRAP 20                      Related Party Disclosures (Revised)

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

## 2. NET ASSETS

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

### 2.1 Accumulated Surplus

## 3. PROPERTY, PLANT AND EQUIPMENT

### 3.1 Initial Recognition

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

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

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

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

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

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

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 3.2 Subsequent Measurement

##### Property, Plant and Equipment, excluding Buildings and Land

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

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

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

#### 3.3 Depreciation

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

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

	Asset Class	Years		Asset Class	Years
	<b>Buildings</b>			<b>Other</b>	
	Improvements	10 - 80		Bins and Containers	5
	<b>Infrastructure</b>			Computer Equipment	5
	Roads and Paving	5 - 67		Emergency Equipment	5 - 10
	Sewerage	5 - 100		Furniture and Fittings	5 - 20
	Storm Water	7 - 100		Motor Vehicles	5 - 15
	Water	5 - 76		Office Equipment	5 - 20
				Plant and Equipment	2 - 20
				Specialist Vehicles	10 - 15

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

#### 3.4 Land

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

#### 3.5 Infrastructure Assets

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

#### 3.6 Incomplete Construction Work

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



## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### **3.7 Leased Assets**

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

#### **3.8 Derecognition**

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

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

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

## **4. INTANGIBLE ASSETS**

#### **4.1 Initial Recognition**

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

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

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

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

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

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 4.2 Subsequent Measurement, Amortisation and Impairment

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

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

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

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

	Asset Class	Years		Asset Class	Years
	Computer Software	4			

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

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

#### 4.3 Derecognition

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

## 5. INVESTMENT PROPERTY

#### 5.1 Initial Recognition

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

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

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

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

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

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

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

#### **5.2 Subsequent Measurement**

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

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 10 - 80 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

#### **5.3 Derecognition**

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 6. HERITAGE ASSETS

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

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

##### **6.1 Initial Recognition**

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

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

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

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

##### **6.2 Subsequent Measurement**

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

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

##### **6.3 Derecognition**

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 7. BIOLOGICAL ASSETS

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

##### **7.1 Initial Recognition**

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

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

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

##### **7.2 Subsequent Measurement**

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

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

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

##### **7.3 Derecognition**

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

#### 8. IMPAIRMENT OF ASSETS

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

##### **8.1 Impairment of Cash Generating Assets**

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

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

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

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

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

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

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

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

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

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

#### **8.2 Impairment of Non-cash Generating Assets**

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

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

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

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

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

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

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

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

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

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

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#### 9. FINANCIAL INSTRUMENTS

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

##### Initial Recognition

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

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

##### Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

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

##### The Effective Interest Rate Method

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

##### Amortised Cost

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

#### 9.1 Financial Assets – Classification

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

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

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

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

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

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

#### 9.2 Financial Liabilities – Classification

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

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

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

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

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

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

#### 9.3 Initial and Subsequent Measurement

##### 9.3.1 Financial Assets:

##### **Financial Assets measured at Amortised Cost**

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

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

##### **Financial Assets measured at Fair Value**

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



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#### 9.3.2 Financial Liabilities:

##### **Financial Liabilities measured at Fair Value**

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

##### **Financial Liabilities held at Amortised Cost**

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

Prepayments are carried at cost less any accumulated impairment losses.

#### 9.4 Impairment of Financial Assets

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

##### 9.4.1 Financial Assets at Amortised Cost

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

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

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

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

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

##### 9.4.2 Financial Assets at Cost

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

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#### **9.5 Derecognition of Financial Assets**

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

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

#### **9.6 Derecognition of Financial Liabilities**

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

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

### **10. INVESTMENT IN JOINT VENTURES**

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

### **11. INVENTORIES**

#### **11.1 Initial Recognition**

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

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

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

#### **11.2 Subsequent Measurement**

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

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

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#### 11.2.2 Water Inventory

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

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

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

#### 11.2.3 Other Inventories

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

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

## 12. REVENUE RECOGNITION

### 12.1 General

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

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

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

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

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

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

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#### 12.2 Revenue from Exchange Transactions

##### 12.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

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

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

##### 12.2.2 Rentals Received

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

##### 12.2.3 Finance Income

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

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

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

##### 12.2.4 Tariff Charges

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

##### 12.2.5 Revenue from Agency Services

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

##### 12.2.6 Sale of Goods (including Houses)

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

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

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#### **12.3 Revenue from Non-exchange Transactions**

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

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

##### **12.3.1 Public Contributions**

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

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

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

##### **12.3.2 Government Grants and Receipts**

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

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

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

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

##### **12.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

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

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#### 13. PROVISIONS

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

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

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

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

#### 14. EMPLOYEE BENEFIT LIABILITIES

##### *14.1 Short-term Employee Benefits*

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

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

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

##### *14.2 Post-employment Benefits*

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

##### **14.2.1 Defined Contribution Plans**

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

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 14.2.2 Defined Benefit Plans

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

##### **Post-retirement Health Care Benefits**

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

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

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

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

##### **Long-service Allowance**

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

##### **Provincially-administered Defined Benefit Plans**

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

##### **Defined Benefit Pension Plans**

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

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

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

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 15. LEASES

##### 15.1 Classification

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

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

##### 15.2 The Municipality as Lessee

###### 15.2.1 Finance Leases

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

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

###### 15.2.2 Operating Leases

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

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

##### 15.3 Determining whether an Arrangement contains a Lease

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



## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 16. GRANTS-IN-AID

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

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

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

#### 17. VALUE ADDED TAX

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

#### 18. UNAUTHORISED EXPENDITURE

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

#### 19. IRREGULAR EXPENDITURE

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

#### 20. FRUITLESS AND WASTEFUL EXPENDITURE

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

#### 21. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the *First-In-First-Out Method* as defined by GRAP 12 (*Inventories*).

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

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

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

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

#### 23. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

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

#### 24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

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

#### 25. COMMITMENTS

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

Commitments are disclosed for:

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

## OR TAMBO DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 26. RELATED PARTIES

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

#### 27. EVENTS AFTER THE REPORTING DATE

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

#### 28. COMPARATIVE INFORMATION

##### *28.1 Current Year Comparatives*

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

##### *28.2 Prior Year Comparatives*

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

##### *28.3 Budget Information*

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

The approved budget covers the period from 1 July 2015 to 30 June 2016.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R  
**2015**  
R

**1. GENERAL INFORMATION**

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

**2. INVENTORIES**

Consumable Stores	16 200 710	14 728 537
Water - at cost	414 182	1 133 474
<b>Total Inventories</b>	<b>16 614 892</b>	<b>15 862 011</b>

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

The cost of water production for the year amounted to R1,45 per kilolitre (2015: R6,66 per kilolitre).

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

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2016</b>			
Service Debtors:	359 840 440	315 689 404	44 151 036
Sewerage	73 526 684	65 155 256	8 371 428
Water	286 313 756	250 534 147	35 779 609
Other Receivables	184 388 520	126 350 648	58 037 871
<b>Total Receivables from Exchange Transactions</b>	<b>544 228 960</b>	<b>442 040 052</b>	<b>102 188 908</b>

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2015</b>			
Service Debtors:	314 630 054	265 725 253	48 904 800
Sewerage	63 193 974	53 957 140	9 236 833
Water	251 436 080	211 768 113	39 667 967
Other Receivables	152 347 303	99 128 814	53 218 488
<b>Total Receivables from Exchange Transactions</b>	<b>466 977 356</b>	<b>364 854 067</b>	<b>102 123 289</b>

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

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

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

At 30 June 2016, the municipality is owed R29 343 068 (30 June 2015: R20 818 988) by National and Provincial Government.

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

2016  
R                      2015  
R

**3.1 Ageing of Receivables from Exchange Transactions**

**As at 30 June 2016**

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Sewerage:</b>					
Gross Balances	3 104 091	2 605 835	2 073 762	65 742 996	73 526 684
Less: Provision for Impairment	1 375 291	1 300 418	1 367 050	61 112 497	65 155 256
<b>Net Balances</b>	<b>1 728 800</b>	<b>1 305 417</b>	<b>706 711</b>	<b>4 630 499</b>	<b>8 371 428</b>
<b>Water:</b>					
Gross Balances	12 620 472	13 289 094	9 911 979	250 492 210	286 313 756
Less: Provision for Impairment	4 879 104	5 783 651	6 648 822	233 222 570	250 534 147
<b>Net Balances</b>	<b>7 741 368</b>	<b>7 505 444</b>	<b>3 263 157</b>	<b>17 269 640</b>	<b>35 779 609</b>
<b>Other Receivables:</b>					
Gross Balances	5 831 637	5 963 370	5 504 712	167 088 801	184 388 520
Less: Provision for Impairment	3 303 650	3 365 490	3 551 175	116 130 334	126 350 648
<b>Net Balances</b>	<b>2 527 987</b>	<b>2 597 880</b>	<b>1 953 536</b>	<b>50 958 468</b>	<b>58 037 871</b>

As at 30 June Receivables of R90 190 753 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	21 556 200	21 858 299	17 490 453	483 324 008	522 672 760
Less: Provision for Impairment	9 558 045	10 449 558	11 567 048	410 465 401	432 482 007
<b>Net Balances</b>	<b>11 998 155</b>	<b>11 408 741</b>	<b>5 923 404</b>	<b>72 858 607</b>	<b>90 190 753</b>

**As at 30 June 2015**

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

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

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	19 902 818	18 743 165	13 606 705	414 724 668	447 074 538
Less: Provision for Impairment	8 857 303	10 185 312	7 601 080	338 210 373	355 996 764
<b>Net Balances</b>	<b>11 045 515</b>	<b>8 557 854</b>	<b>6 005 625</b>	<b>76 514 295</b>	<b>91 077 774</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>3.2 Summary of Receivables from Exchange Transactions by Customer Classification</b>		
	<b>Household</b>	<b>Industrial/ Commercial</b>
	<b>R</b>	<b>R</b>
		<b>National and Provincial Government</b>
		<b>R</b>
		<b>Other</b>
		<b>R</b>
<b>As at 30 June 2016</b>		
<i>Current:</i>		
0 - 30 days	9 473 864	3 069 727
<i>Past Due:</i>		
31 - 60 Days	10 190 738	2 785 234
61 - 90 Days	10 591 993	2 607 162
+ 90 Days	366 870 193	45 390 290
Sub-total	397 126 788	53 852 413
Less: Provision for Impairment	388 462 047	46 019 574
<b>Total Trade Receivables by Customer Classification</b>	<b>8 664 741</b>	<b>7 832 839</b>
		<b>National and Provincial Government</b>
		<b>R</b>
		<b>Other</b>
		<b>R</b>
<b>As at 30 June 2015</b>		
<i>Current:</i>		
0 - 30 days	9 680 185	3 476 717
<i>Past Due:</i>		
31 - 60 Days	10 595 571	3 212 942
61 - 90 Days	7 181 765	2 776 170
+ 90 Days	354 060 799	43 095 428
Sub-total	381 518 320	52 561 257
Less: Provision for Impairment	317 630 223	39 637 037
<b>Total Trade Receivables by Customer Classification</b>	<b>63 888 097</b>	<b>12 924 220</b>
		<b>2016 R</b>
		<b>2015 R</b>

**3.3 Reconciliation of the Provision for Impairment**

Balance at beginning of year	364 854 067	299 944 198
Impairment Losses recognised	88 706 598	64 909 869
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(11 520 614)	-
<b>Balance at end of year</b>	<b>442 040 052</b>	<b>364 854 067</b>

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

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

**3.4 Ageing of impaired Receivables from Exchange Transactions**

<i>Current:</i>		
0 - 30 Days	9 558 045	8 857 303
<i>Past Due:</i>		
31 - 60 Days	10 449 558	10 185 312
61 - 90 Days	11 567 048	7 601 080
+ 90 Days	410 465 401	338 210 373
<b>Total</b>	<b>442 040 052</b>	<b>364 854 067</b>

**3.5 Derecognition of Financial Assets**

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	R	R
<b>4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	<b>Gross</b>	<b>Provision for</b>
	<b>Balances</b>	<b>Impairment</b>
	R	R
<b>As at 30 June 2016</b>		
Grant Expenditure	(0)	-
Short-term Loans	4 386	-
Sundry Debtors	9 023 920	678 654
Other Control Accounts	69 324	(0)
<b>Total Receivables from Non-exchange Transactions</b>	<b>9 097 631</b>	<b>678 654</b>
	<b>Gross</b>	<b>Provision for</b>
	<b>Balances</b>	<b>Impairment</b>
	R	R
<b>As at 30 June 2015</b>		
Grant Expenditure	82 961 653	82 961 653
Short-term Loans	988 688	-
Sundry Debtors	12 200 406	678 654
Other Control Accounts	37 749	-
<b>Total Receivables from Non-exchange Transactions</b>	<b>96 188 496</b>	<b>83 640 307</b>

The prior year amount for *Receivables from Non-exchange Transactions* has been adjusted. Refer to Note 41.4 on "Correction of Error" for details of the restatement.

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

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

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

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

2016  
R

2015  
R

**4.1 Ageing of Receivables from Non-exchange Transactions**

As at 30 June 2016

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Grant Expenditure:</b>					
Gross Balances	(0)	-	-	-	(0)
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>
<b>Short-term Loans:</b>					
Gross Balances	4 386	-	-	-	4 386
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>4 386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 386</b>
<b>Sundry Debtors:</b>					
Gross Balances	9 023 920	-	-	-	9 023 920
Less: Provision for Impairment	678 654	-	-	-	678 654
<b>Net Balances</b>	<b>8 345 266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 345 266</b>
<b>Suspense Accounts:</b>					
Gross Balances	69 324	-	-	-	69 324
Less: Provision for Impairment	(0)	-	-	-	(0)
<b>Net Balances</b>	<b>69 324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69 324</b>

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

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	9 097 631	-	-	-	-
Less: Provision for Impairment	678 654	-	-	-	-
<b>Net Balances</b>	<b>8 418 977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R			2015 R	
<b>As at 30 June 2015</b>					
	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>Grant Expenditure:</b>					
Gross Balances	82 961 653	-	-	-	82 961 653
Less: Provision for Impairment	82 961 653	-	-	-	82 961 653
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short-term Loans:</b>					
Gross Balances	988 688	-	-	-	988 688
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>988 688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>988 688</b>
<b>Sundry Debtors:</b>					
Gross Balances	12 200 406	-	-	-	12 200 406
Less: Provision for Impairment	678 654	-	-	-	678 654
<b>Net Balances</b>	<b>11 521 752</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 521 752</b>
<b>Suspense Accounts:</b>					
Gross Balances	37 749	-	-	-	37 749
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>37 749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37 749</b>

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

	2016 R			2015 R	
	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>All Receivables:</b>					
Gross Balances	13 226 843	-	-	-	-
Less: Provision for Impairment	678 654	-	-	-	-
<b>Net Balances</b>	<b>12 548 189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**4.2 Reconciliation of Provision for Impairment**

Balance at beginning of year	83 640 307	83 691 752
Impairment Losses recognised	-	-
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(82 961 653)	(51 445)
<b>Balance at end of year</b>	<b>678 654</b>	<b>83 640 307</b>

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R                      **2015**  
R

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

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

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

Government Subsidy Claims	-	82 961 653
Sundry Debtors	678 654	678 654
<b>Total Provision for Impairment on Receivables from Non-exchange Transactions</b>	<b>678 654</b>	<b>83 640 307</b>

**5. VAT RECEIVABLE**

Vat Receivable	<b>78 548 633</b>	<b>53 340 628</b>
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The prior year amount for *VAT Receivable* has been adjusted. Refer to Note 41.4 on "Correction of Error" for details of the restatement.

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

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

**6. CASH AND CASH EQUIVALENTS**

Current Investments	279 295 341	265 983 012
Bank Accounts	57 572 407	40 668 613
<b>Total Cash and Cash Equivalents</b>	<b>336 867 748</b>	<b>306 651 625</b>

The prior year amount for *Cash and Cash Equivalents* has been adjusted. Refer to Note 41.4 on "Correction of Error" for details of the restatement.

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

**6.1 Current Investment Deposits**

Call Deposits	279 295 341	265 983 012
<b>Total Current Investment Deposits</b>	<b>279 295 341</b>	<b>265 983 012</b>

**Call Deposits** are investments with a maturity period of less than 3 months and earn interest rates varying from 5,25 % to 8,20 % (2015: 5,25% to 6,00%) per annum.

Deposits attributable to Unspent Conditional Grants	(0)	4 110 015
Deposits attributable to Creditors	279 295 341	261 872 997
<b>Total Deposits attributable to Commitments of the Municipality</b>	<b>279 295 341</b>	<b>265 983 012</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>6.2 Bank Accounts</b>		
Cash in Bank	57 572 407	40 668 613
<b>Total Bank Accounts</b>	<b>57 572 407</b>	<b>40 668 613</b>

The Municipality has the following bank accounts:

**Primary Bank Account**

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

Cash book balance at beginning of year	40 668 613	62 364 398
Cash book balance at end of year	57 572 407	40 668 613
Bank statement balance at beginning of year	53 177 018	64 118 850
Bank statement balance at end of year	58 293 858	53 177 018

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

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

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**7 PROPERTY, PLANT AND EQUIPMENT**

30 June 2016

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra- structure	Other	Leased Infra- structure	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2015</b>	<b>32 002 977</b>	<b>108 268 759</b>	<b>4 179 062 666</b>	<b>85 780 626</b>	<b>149 631</b>	<b>4 405 264 659</b>
Cost	32 002 977	150 681 369	6 200 253 568	123 775 823	375 105	6 507 088 842
- Completed Assets	32 002 977	150 681 369	4 899 486 453	123 775 823	375 105	5 206 321 728
- Under Construction	-	-	1 300 767 114	-	-	1 300 767 114
Revaluation	-	(0)	-	-	-	(0)
Accumulated Impairment Losses	-	-	(83 778 361)	(5 356 222)	-	(89 134 583)
Accumulated Depreciation:	-	(42 412 611)	(1 937 412 541)	(32 638 975)	(225 474)	(2 012 689 601)
- Cost	-	(42 412 611)	(1 937 412 541)	(32 638 975)	(225 474)	(2 012 689 601)
- Revaluation	-	0	-	-	-	0
Acquisitions	-	1 661 301	9 790 933	17 066 172	-	28 518 406
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	557 032 780	-	-	557 032 780
- Cost	-	-	557 032 780	-	-	557 032 780
- Borrowing Costs Capitalised	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	(3 631 627)	(134 164 048)	(13 714 424)	(75 021)	(151 585 120)
- Based on Cost	-	(3 631 627)	(134 164 048)	(13 714 424)	(75 021)	(151 585 120)
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	(6 082 321)	(12 904 548)	-	(18 986 869)
Capital under Construction - Completed	-	-	(4 588 171)	-	-	(4 588 171)
Other Movements	-	-	4 588 171	-	-	4 588 171
- Cost	-	-	4 588 171	-	-	4 588 171
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
<b>Carrying values at 30 June 2016</b>	<b>32 002 977</b>	<b>106 298 433</b>	<b>4 605 640 010</b>	<b>76 227 826</b>	<b>74 610</b>	<b>4 820 243 856</b>
Cost	32 002 977	152 342 670	6 767 077 281	140 841 995	375 105	7 092 640 028
- Completed Assets	32 002 977	152 342 670	4 913 865 557	140 841 995	375 105	5 239 428 304
- Under Construction	-	-	1 853 211 724	-	-	1 853 211 724
Revaluation	-	(0)	-	-	-	(0)
Accumulated Impairment Losses	-	-	(89 860 682)	(18 260 769)	-	(108 121 451)
Accumulated Depreciation:	-	(46 044 237)	(2 071 576 589)	(46 353 399)	(300 495)	(2 164 274 721)
- Cost	-	(46 044 237)	(2 071 576 589)	(46 353 399)	(300 495)	(2 164 274 721)
- Revaluation	-	0	-	-	-	0

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**7 PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2015

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra-structure	Other	Leased Infra-structure	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2014</b>	<b>32 002 977</b>	<b>111 859 678</b>	<b>3 977 975 657</b>	<b>90 000 935</b>	<b>224 652</b>	<b>4 212 063 898</b>
Cost	32 002 977	150 681 369	5 777 877 277	112 683 425	375 105	6 073 620 153
- Completed Assets	32 002 977	150 681 369	4 784 891 193	112 683 425	375 105	5 080 634 069
- Under Construction	-	-	992 986 084	-	-	992 986 084
Revaluation	-	(0)	-	-	-	(0)
Accumulated Impairment Losses	-	-	36 398	-	-	36 398
Accumulated Depreciation:	-	(38 821 691)	(1 799 938 018)	(22 682 490)	(150 453)	(1 861 592 653)
- Cost	-	(38 821 691)	(1 799 938 018)	(22 682 490)	(150 453)	(1 861 592 653)
- Revaluation	-	(0)	-	-	-	(0)
Acquisitions	-	-	2 608 131	11 092 398	-	13 700 529
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	419 768 160	-	-	419 768 160
- Cost	-	-	419 768 160	-	-	419 768 160
- Borrowing Costs Capitalised	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	(3 590 919)	(137 474 522)	(9 956 485)	(75 021)	(151 096 948)
- Based on Cost	-	(3 590 919)	(137 474 522)	(9 956 485)	(75 021)	(151 096 948)
- Based on Revaluation	-	0	-	-	-	0
Carrying value of Disposals:	-	-	(0)	-	-	(0)
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	(0)	-	-	(0)
- Based on Cost	-	-	(0)	-	-	(0)
- Based on Revaluation	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	(83 814 759)	(5 356 222)	-	(89 170 981)
Capital under Construction - Completed	-	-	(111 987 129)	-	-	(111 987 129)
Other Movements	-	-	111 987 129	-	-	111 987 129
- Cost	-	-	111 987 129	-	-	111 987 129
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
<b>Carrying values at 30 June 2015</b>	<b>32 002 977</b>	<b>108 268 759</b>	<b>4 179 062 666</b>	<b>85 780 626</b>	<b>149 631</b>	<b>4 405 264 659</b>
Cost	32 002 977	150 681 369	6 200 253 568	123 775 823	375 105	6 507 088 842
- Completed Assets	32 002 977	150 681 369	4 899 486 453	123 775 823	375 105	5 206 321 728
- Under Construction	-	-	1 300 767 114	-	-	1 300 767 114
Revaluation	-	(0)	-	-	-	(0)
Accumulated Impairment Losses	-	-	(83 778 361)	(5 356 222)	-	(89 134 583)
Accumulated Depreciation:	-	(42 412 611)	(1 937 412 541)	(32 638 975)	(225 474)	(2 012 689 601)
- Cost	-	(42 412 611)	(1 937 412 541)	(32 638 975)	(225 474)	(2 012 689 601)
- Revaluation	-	0	-	-	-	0

**7 PROPERTY, PLANT AND EQUIPMENT (Continued)**

The prior year amount for *Property, Plant and Equipment* has been adjusted. Refer to Note 41.4 on "Correction of Error" for details of the restatement.

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

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

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>7 PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>7.1 Assets pledged as security</b>		
The municipality did not pledge any of its assets as security.		
The municipality's obligations under Finance Leases (see Note 18) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.		
<b>7.2 Impairment of Property, Plant and Equipment</b>		
Impairment Losses on Property, Plant and Equipment to the amount of R18 986 872 (2015: R89 170 981) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 31.		
The amount disclosed for impairment losses on Property, Plant and Equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:		
Infrastructure: Roads	(3)	19 285
Infrastructure: Sewerage	-	2 048 430
Infrastructure: Water	6 082 324	81 747 044
Other Assets: Bins and Containers	17 655	-
Other Assets: Computer Equipment	1 616 193	90 120
Other Assets: Emergency Equipment	1 802	-
Other Assets: Furniture and Fittings	2 746 827	337 220
Other Assets: Motor Vehicles	3 871 636	4 047 019
Other Assets: Office Equipment	769 840	618 541
Other Assets: Plant and Equipment	3 288 529	263 322
Other Assets: Specialised Vehicles	592 065	-
<b>Total Impairment of Property, Plant and Equipment</b>	<b>18 986 869</b>	<b>89 170 981</b>

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

**7.3 Land and Buildings carried at Fair Value**

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

**7.4 Work-in-Progress**

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

Infrastructure: Roads	10 759 072	10 759 072
Infrastructure: Sewerage	79 514 568	-
Infrastructure: Water	1 762 938 085	1 290 008 043
<b>Total Carrying Amounts of Work-in-Progress</b>	<b>1 853 211 724</b>	<b>1 300 767 114</b>

**7.5 Delayed Projects**

No projects that are currently in progress are experiencing significant delays.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>8 INTANGIBLE ASSETS</b>		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<b>2 099 104</b>	<b>3 110 747</b>

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Ward Based Database	Total
<b>Carrying values at 01 July 2015</b>	<b>1 331 478</b>	<b>1 779 269</b>	<b>3 110 747</b>
Cost	3 188 246	5 593 790	8 782 036
Accumulated Amortisation	(1 856 768)	(3 814 521)	(5 671 289)
Acquisitions:	-	-	-
Purchased	-	-	-
Amortisation:	(376 469)	(635 173)	(1 011 642)
Purchased	(376 469)	(635 173)	(1 011 642)
<b>Carrying values at 30 June 2016</b>	<b>955 009</b>	<b>1 144 095</b>	<b>2 099 104</b>
Cost	3 188 246	5 593 790	8 782 036
Accumulated Amortisation	(2 233 237)	(4 449 695)	(6 682 931)
	<b>Computer Software</b>	<b>Ward Based Database</b>	<b>Total</b>
<b>Carrying values at 01 July 2014</b>	<b>1 707 947</b>	<b>2 414 442</b>	<b>4 122 389</b>
Cost	3 188 246	5 593 790	8 782 036
Accumulated Amortisation	(1 480 299)	(3 179 348)	(4 659 647)
Acquisitions:	-	-	-
Purchased	-	-	-
Amortisation:	(376 469)	(635 173)	(1 011 642)
Purchased	(376 469)	(635 173)	(1 011 642)
<b>Carrying values at 30 June 2015</b>	<b>1 331 478</b>	<b>1 779 269</b>	<b>3 110 747</b>
Cost	3 188 246	5 593 790	8 782 036
Accumulated Amortisation	(1 856 768)	(3 814 521)	(5 671 289)

The prior year amount for *Intangible Assets* has been adjusted. Refer to Note 41.4 on "Correction of Error" for details of the restatement.

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 30).

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

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

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

**8.1 Significant Intangible Assets**

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

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R

**2015**  
R

**8.2 Intangible Assets with Indefinite Useful Lives**

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

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

**8.3 Impairment of Intangible Assets**

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

**8.4 Work-in-Progress**

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

**8.5 Delayed Projects**

No projects that are currently in progress are experiencing significant delays.

**9 INVESTMENT PROPERTY**

At Cost less Accumulated Depreciation

**2 200 000**

**2 200 000**

The movement in Investment Property is reconciled as follows:

**Carrying values at 1 July**

**2 200 000**

**2 200 000**

Cost

2 200 000

2 200 000

Accumulated Depreciation

-

-

Acquisitions during the Year

-

-

Depreciation during the Year

-

-

**Carrying values at 30 June**

**2 200 000**

**2 200 000**

Cost

2 200 000

2 200 000

Accumulated Depreciation

-

-

**Estimated Fair Value of Investment Property at 30 June**

**2 200 000**

**2 200 000**

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

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

There are no contractual obligations on Investment Property.

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

**9.1 Impairment of Investment Property**

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

**9.2 Work-in-Progress**

The municipality had no capital projects for Investment Property which were not completed at year-end.

**9.3 Delayed Projects**

No projects that are currently in progress are experiencing significant delays.



**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>10 HERITAGE ASSETS</b>		
At Cost less Accumulated Impairment Losses	<b>90 000</b>	<b>90 000</b>
The movement in Heritage Assets is reconciled as follows:		
	<b>Public Statues</b>	<b>Total</b>
<b>Carrying values at 01 July 2015</b>	<b>90 000</b>	<b>90 000</b>
Cost	90 000	90 000
Accumulated Impairment	-	-
Acquisitions	-	-
Impairment Losses Recognised	-	-
<b>Carrying values at 30 June 2016</b>	<b>90 000</b>	<b>90 000</b>
Cost	90 000	90 000
Accumulated Impairment Losses	-	-
	<b>Public Statues</b>	<b>Total</b>
<b>Carrying values at 01 July 2014</b>	<b>90 000</b>	<b>90 000</b>
Cost	90 000	90 000
Accumulated Impairment	-	-
Acquisitions	-	-
Impairment Losses Recognised	-	-
<b>Carrying values at 30 June 2015</b>	<b>90 000</b>	<b>90 000</b>
Cost	90 000	90 000
Accumulated Impairment Losses	-	-

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

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

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

**10.1 Impairment of Heritage Assets**

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

**10.2 Heritage Assets measured after recognition using the Revaluation Model**

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

**10.3 Work-in-Progress**

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

**10.4 Delayed Projects**

No projects that are currently in progress are experiencing significant delays.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>11 BIOLOGICAL ASSETS</b>		
At Fair Value	<u>15 988 644</u>	<u>14 636 898</u>

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

The movement in Biological Assets is reconciled as follows:

	Trees in Plantation	Cattle	Total
<b>Carrying values at 01 July 2015</b>	<b>9 188 500</b>	<b>5 448 398</b>	<b>14 636 898</b>
Cost / Fair Value	9 188 500	5 448 398	14 636 898
Acquisitions during the Year	-	4 484	4 484
Acquisitions through Non-exchange Transactions	-	256 573	256 573
Gains from Changes in Fair Value	918 500	856 052	1 774 552
Decreases due to Harvest / Sales	-	(400 913)	(400 913)
Disposals during the Year:	-	(225 639)	(225 639)
At Cost / Fair Value	-	(225 639)	(225 639)
Losses from Changes in Fair Value	-	-	-
Transfers during the Year:	(3 500)	(53 810)	(57 310)
At Cost / Fair Value	(3 500)	(53 810)	(57 310)
<b>Carrying values at 30 June 2016</b>	<b>10 103 500</b>	<b>5 885 144</b>	<b>15 988 644</b>
Cost / Fair Value	10 103 500	5 885 144	15 988 644
	Trees in Plantation	Cattle	Total
<b>Carrying values at 01 July 2014</b>	<b>9 672 500</b>	<b>6 428 764</b>	<b>16 101 264</b>
Cost / Fair Value	9 672 500	6 428 764	16 101 264
Acquisitions through Non-exchange Transactions	-	751 344	751 344
Gains from Changes in Fair Value	-	-	-
Decreases due to Harvest / Sales	-	(209 483)	(209 483)
Disposals during the Year:	-	(443 832)	(443 832)
At Cost / Fair Value	-	(443 832)	(443 832)
Losses from Changes in Fair Value	-	(1 438 196)	(1 438 196)
Transfers during the Year:	(484 000)	359 800	(124 200)
At Cost / Fair Value	(484 000)	359 800	(124 200)
<b>Carrying values at 30 June 2015</b>	<b>9 188 500</b>	<b>5 448 398</b>	<b>14 636 898</b>
Cost / Fair Value	9 188 500	5 448 398	14 636 898

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

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

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R  
**2015**  
R

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

	Actual Count			
	2016	2015		
Trees in Plantation	18 370	18 377	10 103 500	9 188 500
Cattle	1 173	1 207	5 885 144	5 448 398
<b>Total gain / (loss) on initial recognition</b>	<b>19 543</b>	<b>19 584</b>	<b>15 988 644</b>	<b>14 636 898</b>

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

At 30 June 2016 livestock held for sale comprised 1 173 cattle (2015: 1 207 cattle). During the year the municipality sold 202 cattle (2015: 202 cattle).

**11.1 Biological Assets carried at Fair Value**

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

**12 LONG-TERM RECEIVABLES**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2016</b>			
Other Loans	1 197 650	-	1 197 650
	<b>1 197 650</b>	<b>-</b>	<b>1 197 650</b>
Less: Current Portion transferred to Current Receivables:-			-
Other Loans			-
<b>Total Long-term Receivables</b>			<b>1 197 650</b>
	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2015</b>			
Other Loans	296 807	-	296 807
	<b>296 807</b>	<b>-</b>	<b>296 807</b>
Less: Current Portion transferred to Current Receivables:-			-
Other Loans			-
<b>Total Long-term Receivables</b>			<b>296 807</b>

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

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

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>12.1 Ageing of Long-term Receivables</b>		
<i>Current:</i>		
0 - 30 days	-	-
<i>Past Due:</i>		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	1 197 650	296 807
<b>Total</b>	<b>1 197 650</b>	<b>296 807</b>

As at 30 June Long-term Receivables of R1 197 650 (2015: R296 807) were past due but not impaired. No terms for payment have been re-negotiated. The age analysis of these Long-term Receivables is as follows:

31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	-
+ 120 Days	1 197 650	296 807
<b>Total</b>	<b>1 197 650</b>	<b>296 807</b>

**13 CONSUMER DEPOSITS**

Water	2 450 082	2 065 078
<b>Total Consumer Deposits</b>	<b>2 450 082</b>	<b>2 065 078</b>

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

No interest is paid or accrued on Consumer Deposits held.

**14 PROVISIONS**

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19)	62 496	65 856
Current Portion of Long-term Service Liability (See Note 19)	2 113 252	2 271 547
<b>Total Provisions</b>	<b>2 175 748</b>	<b>2 337 403</b>

*Provisions* have been restated to agree to the Actuarial Report for Post-retirement Health Benefits. Refer to Note 41.4 on "Correction of Error" for details of the restatement.

The movement in provisions are reconciled as follows:

	Long-term Service R	Post-retirement R
<b>30 June 2016</b>		
Balance at beginning of year	2 271 547	65 856
Transfer from non-current	2 113 252	62 496
Expenditure incurred	(2 271 547)	(65 856)
<b>Balance at end of year</b>	<b>2 113 252</b>	<b>62 496</b>
<b>30 June 2015</b>		
Balance at beginning of year	1 335 242	74 640
Transfer from non-current	2 271 547	65 856
Expenditure incurred	(1 335 242)	(74 640)
<b>Balance at end of year</b>	<b>2 271 547</b>	<b>65 856</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>15 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Creditors and Other Payables	422 198 246	362 101 084
Short-term Staff Benefits	44 395 347	41 808 667
	<b>466 593 593</b>	<b>403 909 751</b>
<b>Made up as follows:</b>		
Payments Received in Advance	5 063 393	4 061 524
Trade Creditors	173 888 983	155 182 867
Retentions	105 576 284	68 432 344
Staff Bonuses	6 171 977	7 132 395
Staff Leave	38 223 370	34 676 273
Other Creditors	86 717 431	90 635 741
VAT Accrued Account	50 952 155	43 788 607
<b>Total Payables</b>	<b>466 593 593</b>	<b>403 909 751</b>

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

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

The average credit period on purchases is 172 (2015: 154) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

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

**16 PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

Income Received in Advance	1 407 443	-
Salaries Control Accounts	991 229	825 069
<b>Total Payables</b>	<b>2 398 672</b>	<b>825 069</b>

The prior year amount for *Payables from Non-exchange Transactions* has been adjusted. Refer to Note 41.4 on "Correction of Error" for details of the restatement.

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

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>17.1 Conditional Grants from Government</b>	<b>(0)</b>	<b>4 110 015</b>
National Government Grants	(0)	4 110 015
	(0)	4 110 015
<b>Total Conditional Grants and Receipts</b>	<b>(0)</b>	<b>4 110 015</b>

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

See Note 22 for the reconciliation of Grants from Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

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

**18 LONG-TERM LIABILITIES**

Finance Lease Liabilities	20 436	104 859
Sub-total	20 436	104 859
Less: Current Portion transferred to Current Liabilities:-	20 436	84 423
Finance Lease Liabilities	20 436	84 423
<b>Total Long-term Liabilities</b> (Neither past due, nor impaired)	<b>(0)</b>	<b>20 436</b>

**18.1 Summary of Arrangements**

Finance Lease Liabilities relates to Office Equipment with lease terms of 1 (2015: 2) years. The effective interest rate on Finance Leases is between 25.00% and 28.11% (2015: 16.77% and 28.11%). Capitalised Lease Liabilities are secured over the items of equipment leased.

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

**18.2 Obligations under Finance Lease Liabilities**

**The Municipality as Lessee:**

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years (2015: 5 years). The effective interest rate on Finance Leases is between 25.00% and 28.11% (2015: 16.77% and 28.11%).

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R  
**2015**  
R

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2016 R	2015 R	2016 R	2015 R
<b>Amounts payable under finance leases:</b>				
Within one year	22 340	97 006	20 436	84 423
In the second to fifth years, inclusive	-	22 340	-	20 436
Over five years	-	-	-	-
	22 340	119 347	20 436	104 859
Less: Future Finance Obligations	1 904	14 488		
<b>Present Value of Minimum Lease Obligations</b>	<b>20 436</b>	<b>104 859</b>	<b>20 436</b>	<b>104 859</b>
Less: Amounts due for settlement within 12 months (Current Portion)			20 436	84 423
<b>Finance Lease Obligations due for settlement after 12 months (Non-current Portion)</b>			<b>(0)</b>	<b>20 436</b>

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

- Office Equipment

Included in these classes are the following significant leases:

(i) Facsimiles, Photocopiers, Printers and Scanners	R 22 340	R 119 347
- Instalments are payable quarterly in advance		
- Average period outstanding	5 months	8 Months
- Average effective interest rate	27.80%	25.90%
- Average monthly instalment	R 401.71	R 783.90

**18.3 Breach of Loan Agreement**

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

**19 EMPLOYEE BENEFIT LIABILITIES**

Post-retirement Health Care Benefits Liability	38 767 365	34 024 505
Long Service Awards Liability	13 538 939	12 509 800

<b>Total Employee Benefit Liabilities</b>	<b>52 306 304</b>	<b>46 534 305</b>
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**19.1 Post-retirement Health Care Benefits Liability**

Balance at beginning of Year	34 024 505	30 384 035
Contributions to Provision	4 805 356	3 706 326

Balance at end of Year	38 829 861	34 090 361
------------------------	------------	------------

Transfer to Current Provisions	(62 496)	(65 856)
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<b>Total Post-retirement Health Care Benefits Liability</b>	<b>38 767 365</b>	<b>34 024 505</b>
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*Retirement Benefit Liabilities* have been restated to agree to the Actuarial Reports. Refer to Note 41.4 on "Correction of Error" for details of the restatement.



**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R  
**2015**  
R

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	440	-
In-service Non-members (Employees)	349	-
Continuation Members (Retirees, widowers and orphans)	3	-
<b>Total Members</b>	<b>792</b>	<b>-</b>

The liability in respect of past service has been estimated as follows:

In-service Members	30 059 762	26 282 201
In-service Non-members	8 049 572	7 029 523
Continuation Members	720 527	778 637
<b>Total Liability</b>	<b>38 829 861</b>	<b>34 090 361</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bestmed
- Bonitas
- Fedhealth
- GEMS
- Hosmed
- Keyhealth
- LA Health
- Liberty
- Medshield
- Resolution Health
- Samwumed

The Current-service Cost for the year ending 30 June 2016 is estimated to be R2 833 806, whereas the cost for the ensuing year is estimated to be R3 001 255 (30 June 2015: R2 665 697 and R2 833 806 respectively).

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount Rate	9.77%	9.59%
Health Care Cost Inflation Rate	8.75%	8.45%
Net Effective Discount Rate	0.94%	1.05%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65

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

Balance at the beginning of the year	34 090 361	30 458 675
Current service costs	2 833 806	2 665 697
Interest cost	3 265 651	2 981 378
Benefits paid	(65 856)	(74 640)
Actuarial losses / (gains)	(1 294 101)	(1 940 749)
<b>Total Recognised Benefit Liability</b>	<b>38 829 861</b>	<b>34 090 361</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	38 829 861	34 090 361
Unfunded Accrued Liability	38 829 861	34 090 361
<b>Total Benefit Liability</b>	<b>38 829 861</b>	<b>34 090 361</b>

<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>		
Current service cost	2 833 806	2 665 697
Interest cost	3 265 651	2 981 378
Actuarial losses / (gains)	(1 294 101)	(1 940 749)
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 28)</b>	<b>4 805 356</b>	<b>3 706 326</b>

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

<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	670 900	-
Effect on the defined benefit obligation	3 640 347	-
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(897 000)	-
Effect on the defined benefit obligation	(4 922 192)	-

The municipality expects to make a contribution of R6 792 295 (2015: R6 099 457) to the Defined Benefit Plans during the next financial year.

Refer to Note 50, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**19.2 Long Service Awards Liability**

Balance at beginning of year	12 509 800	11 069 741
Contributions to provision	3 142 391	3 711 606
Balance at end of Year	15 652 191	14 781 347
Transfer to Current Provisions	(2 113 252)	(2 271 547)
<b>Total Long Service Awards Liability</b>	<b>13 538 939</b>	<b>12 509 800</b>

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Bonus Award is payable after 5 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 789 (2015: 813) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2016 is estimated to be R1 891 630, whereas the cost for the ensuing year is estimated to be R1 888 282 (30 June 2015: R1 820 769 and R1 891 630 respectively).

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R                      **2015**  
R

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.39%	7.66%
Cost Inflation Rate	7.06%	6.94%
Net Effective Discount Rate	1.24%	0.67%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65

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

Balance at the beginning of the year	14 781 347	12 404 982
Current service costs	1 891 630	1 820 769
Interest cost	1 046 358	917 244
Benefits paid	(2 271 547)	(1 335 241)
Actuarial losses / (gains)	204 403	973 593
<b>Total Recognised Benefit Liability</b>	<b>15 652 191</b>	<b>14 781 347</b>

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

Present value of fund obligations	15 652 191	14 781 347
Unfunded Accrued Liability	15 652 191	14 781 347
<b>Total Benefit Liability</b>	<b>15 652 191</b>	<b>14 781 347</b>

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

Current service cost	1 891 630	1 820 769
Interest cost	1 046 358	917 244
Actuarial losses / (gains)	204 403	973 593
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 28)</b>	<b>3 142 391</b>	<b>3 711 606</b>

**The history of experienced adjustments is as follows:**

	2016 R	2015 R	2014 R	2013 R	2012 R
Present Value of Defined Benefit Obligation	15 652 191	14 781 347	12 404 982	9 920 342	9 280 898
<b>Deficit</b>	<b>15 652 191</b>	<b>14 781 347</b>	<b>12 404 982</b>	<b>9 920 342</b>	<b>9 280 898</b>
Experienced adjustments on Plan Liabilities	749 235	928 741	1 034 082	-	-

**2016**  
R                      **2015**  
R

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

**Increase:**

Effect on the aggregate of the current service cost and the interest cost	188 000	183 838
Effect on the defined benefit obligation	818 626	800 165

**Decrease:**

Effect on the aggregate of the current service cost and the interest cost	(171 700)	(167 135)
Effect on the defined benefit obligation	(755 637)	(735 815)

The municipality expects to make a contribution of R3 114 376 (2015: R2 937 988) to the defined benefit plans during the next financial year.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>20 ACCUMULATED SURPLUS</b>		
<b>The Accumulated Surplus consists of the following Internal Funds and Reserves:</b>		
Accumulated Surplus / (Deficit) due to the results of Operations	4 858 513 577	4 456 238 372
<b>Total Accumulated Surplus</b>	<b><u>4 858 513 577</u></b>	<b><u>4 456 238 372</u></b>
<i>Accumulated Surplus</i> has been restated to correctly classify amounts held by the municipality. Refer to Note 41.1 "Correction of Error" for details of the restatements.		
Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.		
<b>21 INCOME FROM AGENCY SERVICES</b>		
Commission	87 741	87 160
<b>Total Income from Agency Services</b>	<b><u>87 741</u></b>	<b><u>87 160</u></b>
<b>22 GOVERNMENT GRANTS AND SUBSIDIES</b>		
National Equitable Share	622 201 000	548 918 965
Other Subsidies	5 558 217	1 939 196
<b>Operational Grants</b>	<b><u>627 759 217</u></b>	<b><u>550 858 160</u></b>
<b>Conditional Grants</b>	<b>676 021 557</b>	<b>643 220 502</b>
National: EPWP	6 612 607	13 005 305
National: FMG	1 568 375	1 479 716
National: MIG	543 415 197	531 246 864
National: MSIG	928 281	934 000
National: Municipal Water Infrastructure Grant	108 939 587	79 147 518
National: Department Health	-	1 212 881
National: Department Roads and Transport	2 338 066	2 362 755
National: Department Sport and Heritage	-	2 808 599
National: Department Water Affairs (DWA)	8 612 123	9 271 857
National: Other Government Departments	3 607 321	1 751 007
<b>Total Government Grants and Subsidies</b>	<b><u>1 303 780 773</u></b>	<b><u>1 194 078 662</u></b>
<b>22.1 Calculation of Cash Flow:</b>		
Government Grants and Subsidies Income	1 303 780 773	1 194 078 662
Opening Balance of Unspent Government Grants	(4 110 015)	(26 221 827)
Closing Balance of Unspent Government Grants	(0)	4 110 015
<b>Total Receipts for Government Grants and Subsidies</b>	<b><u>1 299 670 758</u></b>	<b><u>1 171 966 850</u></b>
The prior year amount for <i>Government Grants and Subsidies</i> has been adjusted. Refer to Note 41.2 on "Correction of Error" for details of the restatement.		
<b>Operational Grants:</b>		
<b>22.2 National: Equitable Share</b>	<b><u>622 201 000</u></b>	<b><u>548 918 965</u></b>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to the communities in the district. All water supply customers receive a monthly allocation of free water. This translates into a subsidy of R116,37 (2015: R106,76) per month towards the consumer account, which subsidy is determined annually by council. Furthermore, the municipality carts water to the urban and rural areas in the district as part of service delivery. No funds have been withheld.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>Conditional Grants:</b>		
<b>22.3 National: EPWP Grant</b>		
Balance unspent at beginning of year	0	(0)
Current year receipts	6 693 000	12 994 000
Conditions met - transferred to Revenue: Operating Expenses	(6 612 607)	(13 005 305)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(80 393)	11 305
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>0</u>	<u>0</u>

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

**22.4 National: FMG Grant**

Balance unspent at beginning of year	0	0
Current year receipts	1 575 000	1 500 000
Conditions met - transferred to Revenue: Operating Expenses	(1 568 375)	(1 479 716)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(6 625)	(20 284)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>0</u>	<u>0</u>

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

**22.5 National: MIG Funds**

Balance unspent at beginning of year	-	-
Current year receipts	617 195 000	604 371 000
Conditions met - transferred to Revenue: Operating Expenses	(141 704 691)	(173 125 068)
Conditions met - transferred to Revenue: Capital Expenses	(401 710 507)	(358 121 795)
Other Adjustments/Refunds	(73 779 803)	(73 124 136)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of water and sanitation infrastructure where previously there was no infrastructure in order to provide for water as basic need. No funds have been withheld.

In terms of MFMA Circular No 48 all conditional allocations (excluding interest earned thereon) that at year-end are not utilised, must revert back to the National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

**22.6 National: MSIG Funds**

Balance unspent at beginning of year	(0)	(0)
Current year receipts	940 000	934 000
Conditions met - transferred to Revenue: Operating Expenses	(928 281)	(934 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(11 719)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>(0)</u>	<u>(0)</u>

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>22.7 National: Municipal Water Infrastructure Grant (MWIG)</b>		
Balance unspent at beginning of year	-	57 249
Current year receipts	124 303 000	89 442 000
Conditions met - transferred to Revenue: Operating Expenses	-	(5 322 067)
Conditions met - transferred to Revenue: Capital Expenses	(108 939 587)	(73 825 451)
Other Adjustments/Refunds	(15 363 413)	(10 351 731)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

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

**22.8 National: Department Cooperative Government and Traditional Affairs (COGTA)**

Balance unspent at beginning of year	-	4 413 212
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	(4 413 212)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

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

**22.9 National: Department Health**

Balance unspent at beginning of year	-	2 477 433
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(1 212 881)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	(1 264 553)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

This grant was allocated for the funding of awareness on the HIV/Aids to communities within the district. No funds have been withheld.

**22.10 National: Department Minerals and Energy**

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

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

**22.11 National: Department Roads and Transport**

Balance unspent at beginning of year	-	930 271
Current year receipts	2 693 000	2 686 000
Conditions met - transferred to Revenue: Operating Expenses	(2 338 066)	(2 362 755)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(354 934)	(1 253 516)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

This grant was allocated to assist the municipality to set up a rural roads asset management system. No funds have been withheld.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>22.12 National: Department Sport and Heritage</b>		
Balance unspent at beginning of year	-	5 309 671
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(2 808 599)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	(2 501 072)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

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

**22.13 National: Department Water Affairs (DWA)**

Balance unspent at beginning of year	(0)	(0)
Current year receipts	10 000 000	10 000 000
Conditions met - transferred to Revenue: Operating Expenses	-	(7 280 734)
Conditions met - transferred to Revenue: Capital Expenses	(8 612 123)	(1 991 124)
Other Adjustments/Refunds	(1 387 877)	(728 143)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>(0)</u>	<u>(0)</u>

The grant was received for the maintenance of water schemes within the district. No funds were withheld.

**22.14 National: Other Government Departments**

Balance unspent at beginning of year	4 110 015	6 399 543
Current year receipts	-	4 500 000
Conditions met - transferred to Revenue: Operating Expenses	(3 607 321)	(1 751 007)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(502 695)	(5 038 520)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>(0)</u>	<u>4 110 015</u>

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

**22.15 Provincial: Department Economic Affairs**

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

This grant was received to assist in local economic development. No funds have been withheld.

**22.16 Provincial: Department Human Settlements**

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

This grant is for building of low cost housing. The municipality is only the agent of the department of human settlements to the construction of low cost houses. No funds have been withheld.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>22.17 Provincial: Other Government Departments</b>		
Balance unspent at beginning of year	-	3 355 212
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	(3 355 212)
Conditions still to be met - transferred to Liabilities (see Note 17)	-	-
	-	-
<p>The grants were allocated for the maintenance of proclaimed roads in the jurisdiction area of the municipality. No funds have been withheld.</p>		
<b>22.18 Changes in levels of Government Grants</b>		
<p>Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2016), government grant funding is expected to increase over the forthcoming three financial years.</p>		
<b>23 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Conditional Contributions:	-	-
Unconditional Contributions	236 323	-
Other Donations	-	1 963 863
<b>Total Public Contributions and Donations</b>	<b>236 323</b>	<b>1 963 863</b>
<b>23.1 Calculation of Cash Flow:</b>		
Public Contributions and Donations Income	236 323	1 963 863
<b>Total Receipts for Public Contributions and Donations</b>	<b>236 323</b>	<b>1 963 863</b>
<b>24 SERVICE CHARGES</b>		
Sale of Water	156 597 037	147 921 903
Sewerage and Sanitation Charges	40 696 848	39 258 482
Other Service Charges	-	1 434 560
Revenue Foregone	(1 947 720)	-
<b>Total Service Charges</b>	<b>195 346 164</b>	<b>188 614 946</b>
<b>24.1 Calculation of Cash Flow:</b>		
Service Charges Income	195 346 164	188 614 946
Opening Balance of Debtors: Service Charges	466 977 356	375 478 495
Closing Balance of Debtors: Service Charges	(544 228 960)	(466 977 356)
Opening Balance of Debtors: Interest on Arrear Debtors	(107 511 294)	(80 404 424)
Closing Balance of Debtors: Interest on Arrear Debtors	132 258 283	107 511 294
Opening Balance of Debtors: VAT Raised, not paid	(43 788 607)	(35 874 523)
Closing Balance of Debtors: VAT Raised, not paid	50 952 155	43 788 607
Amounts written-off as uncollectable	(11 520 614)	-
<b>Total Receipts for Service Charges</b>	<b>138 484 484</b>	<b>132 137 039</b>

The prior year amount for *Service Charges* has been adjusted. Refer to Note 41.2 on "Correction of Error" for details of the restatement.

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.



**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>25 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Halls	24 334	29 705
<b>Total Rental of Facilities and Equipment</b>	<b>24 334</b>	<b>29 705</b>
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
<b>26 INTEREST EARNED</b>		
<b>External Investments:</b>		
Bank Account	8 080 119	4 484 062
Investments	24 912 520	12 928 743
	<b>32 992 639</b>	<b>17 412 805</b>
<b>Outstanding Debtors:</b>		
Outstanding Billing Debtors	42 029 128	33 621 598
	<b>42 029 128</b>	<b>33 621 598</b>
<b>Total Interest Earned</b>	<b>75 021 766</b>	<b>51 034 403</b>
<b>26.1 Calculation of Cash Flow:</b>		
Interest Earned Income	75 021 766	51 034 403
Opening Balance of Debtors: Interest on Arrear Debtors	107 511 294	80 404 424
Closing Balance of Debtors: Interest on Arrear Debtors	(132 258 283)	(107 511 294)
<b>Total Receipts for Interest Received</b>	<b>50 274 777</b>	<b>23 927 532</b>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	32 992 639	17 412 805
Loans and Receivables	42 029 128	33 621 598
	<b>75 021 766</b>	<b>51 034 403</b>
The prior year amount for <i>Interest Earned</i> has been adjusted. Refer to Note 41.2 on "Correction of Error" for details of the restatement.		
<b>27 OTHER REVENUE</b>		
Bad Debts Recovered	-	-
Farm Operations	2 672 233	3 834 533
Tender Documents	798 726	703 647
VAT Refund (Own Income in terms of MFMA Circular No 48)	91 487 459	78 202 104
Sundry Income	876 684	(1 858)
<b>Total Other Revenue</b>	<b>95 835 101</b>	<b>82 738 426</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
<b>27.1 Calculation of Cash Flow:</b>			
Income from Other Revenue	Note 27	95 835 101	82 738 426
Income from Rental of Facilities and Equipment	Note 25	24 334	29 705
Income from Agency Services	Note 21	87 741	87 160
Opening Balance of Debtors: VAT Raised, not paid		43 788 607	35 874 523
Opening Balance of Debtors: Non-exchange Transactions	Note 4	96 188 496	180 182 064
Closing Balance of Debtors: VAT Raised, not paid		(50 952 155)	(43 788 607)
Closing Balance of Debtors: Non-exchange Transactions	Note 4	(9 097 631)	(96 188 496)
Amounts written-off as uncollectable	Note 4	(82 961 653)	(51 445)
Opening Balance of VAT Receivable	Note 5	53 340 628	59 566 577
Closing Balance of VAT Receivable	Note 5	(78 548 633)	(53 340 628)
Opening Balance of Consumer Deposits	Note 13	(2 065 078)	(1 672 042)
Closing Balance of Consumer Deposits	Note 13	2 450 082	2 065 078
Opening Balance of Payables: VAT Income Suspense	Note 15	(43 788 607)	(35 838 768)
Closing Balance of Payables: VAT Income Suspense	Note 15	50 952 155	43 788 607
<b>Total Receipts for Other Revenue</b>		<b>75 253 388</b>	<b>173 452 155</b>

The prior year amount for *Other Revenue* has been adjusted. Refer to Note 41.2 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 21 to 25, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

**28 EMPLOYEE RELATED COSTS**

Employee Related Costs - Salaries and Wages	250 799 308	261 572 208
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	44 456 337	40 811 634
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	52 542 227	29 252 647
Overtime Payments	11 651 062	6 260 503
Defined Benefit Plan Expense:	7 947 747	7 417 932
Current Service Cost	4 725 436	4 486 466
Interest Cost	4 312 009	3 898 622
Net Actuarial (gains)/losses recognised	(1 089 698)	(967 156)
<b>Total Employee Related Costs</b>	<b>367 396 682</b>	<b>345 314 924</b>

**28.1 Calculation of Cash Flow:**

Employee Related Costs Expenditure	367 396 682	345 314 924
Opening Balance of Employee Benefit Liabilities	46 534 305	41 453 776
Closing Balance of Employee Benefit Liabilities	(52 306 304)	(46 534 305)
Opening Balance of Provision for Long-term Service	2 271 547	1 335 242
Closing Balance of Provision for Long-term Service	(2 113 252)	(2 271 547)
Opening Balance of Post-retirement Benefits	65 856	74 640
Closing Balance of Post-retirement Benefits	(62 496)	(65 856)
<b>Total Payments for Employee Related Costs</b>	<b>361 786 338</b>	<b>339 306 874</b>

The prior year amount for *Employee Related Costs* has been adjusted. Refer to Note 41.3 on "Correction of Error" for details of the restatement.

No advances were made to employees.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>Remuneration of Section 57 Employees:</b>		
<b><i>Remuneration of the Municipal Manager</i></b>		
Annual Remuneration	339 127	670 515
Car and Other Allowances	267 980	183 786
Company Contributions to UIF, Medical and Pension Funds	-	28 342
Termination Benefits	-	1 717 004
<b>Total</b>	<b>607 107</b>	<b>2 599 646</b>

The contract for the Municipal Manager was terminated on 11 November 2014 and the post was vacant for the period 12 November 2014 until 29 February 2016. Acting Allowances were paid for the periods 12 November 2014 to 08 April 2015, 09 April 2015 to 31 May 2015 and 01 July 2015 to 30 November 2015. A new Municipal Manager was appointed from 01 March 2016.

<b><i>Remuneration of the Chief Financial Officer</i></b>		
Annual Remuneration	1 005 739	928 249
Car and Other Allowances	491 229	548 526
Company Contributions to UIF, Medical and Pension Funds	41 140	51 877
Termination Benefits	-	-
<b>Total</b>	<b>1 538 108</b>	<b>1 528 652</b>

<b><i>Remuneration of the Director: Chief of Staff</i></b>		
Annual Remuneration	1 106 438	1 149 746
Car and Other Allowances	441 369	190 399
Company Contributions to UIF, Medical and Pension Funds	36 057	34 162
Termination Benefits	-	135 837
<b>Total</b>	<b>1 583 864</b>	<b>1 510 144</b>

<b><i>Remuneration of the Director: Community and Social Affairs</i></b>		
Annual Remuneration	1 224 815	1 146 758
Car and Other Allowances	250 711	192 468
Company Contributions to UIF, Medical and Pension Funds	39 067	51 420
Termination Benefits	-	-
<b>Total</b>	<b>1 514 593</b>	<b>1 390 646</b>

<b><i>Remuneration of the Director: Human Resources</i></b>		
Annual Remuneration	275 140	606 072
Car and Other Allowances	-	186 565
Company Contributions to UIF, Medical and Pension Funds	8 419	28 923
Termination Benefits	-	174 106
<b>Total</b>	<b>283 559</b>	<b>995 666</b>

The Director resigned on 27 January 2015 and the post was vacant for the period 28 January 2015 to 31 March 2016. Acting Allowances were paid for the periods 01 February 2015 to 31 March 2015 and 01 April 2015 to 31 May 2015. A new Manager was appointed from 01 April 2016.

<b><i>Remuneration of the Director: Human Settlement</i></b>		
Annual Remuneration	-	-
Car and Other Allowances	165 694	228 865
Company Contributions to UIF, Medical and Pension Funds	-	-
Termination Benefits	-	-
<b>Total</b>	<b>165 694</b>	<b>228 865</b>

This post was newly created in terms of a restructuring process, replacing "Housing". The post was vacant from 01 July 2014 until 30 June 2016. Acting Allowances were paid for the periods 01 July 2014 to 6 April 2015 and 01 July 2015 to 30 November 2015.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>Remuneration of the Director: Internal Audit</b>		
Annual Remuneration	997 280	249 320
Car and Other Allowances	324 742	205 457
Company Contributions to UIF, Medical and Pension Funds	-	3 469
Termination Benefits	-	-
<b>Total</b>	<b>1 322 022</b>	<b>458 246</b>

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

**Remuneration of the Director: Office of the Executive Mayor**

Annual Remuneration	1 171 569	380 760
Car and Other Allowances	217 680	298 086
Company Contributions to UIF, Medical and Pension Funds	36 274	7 386
Termination Benefits	-	-
<b>Total</b>	<b>1 425 523</b>	<b>686 232</b>

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

**Remuneration of the Director: Rural and Economic Development**

Annual Remuneration	1 377 358	1 266 892
Car and Other Allowances	373 600	238 906
Company Contributions to UIF, Medical and Pension Funds	38 984	53 325
Termination Benefits	-	-
<b>Total</b>	<b>1 789 942</b>	<b>1 559 124</b>

The Director: Rural and Economic Development acted as Municipal Manager for the period 01 July 2015 to 30 November 2015. An Acting allowance was paid for the period 01 July 2015 to 30 November 2015.

**Remuneration of the Director: Speaker's Office / Legislature Services**

Annual Remuneration	633 818	-
Car and Other Allowances	314 087	172 493
Company Contributions to UIF, Medical and Pension Funds	21 476	-
Termination Benefits	-	-
<b>Total</b>	<b>969 380</b>	<b>172 493</b>

The post for the Director: Speaker's Office was vacant for the period 01 July 2015 until 31 January 2015. An Acting Allowance was paid for the period. A new manager was appointed on 01 February 2015. Furthermore, the post was vacant from 01 July 2015 to 31 December 2016 and an Acting Allowance was paid for the period. The name of the position changed from Director: Speaker's Office to Director: Legislature Services from 01 January 2016.

The name of the post changed from Director: Speaker's Office to Director: Legislature Services as from 01 January 2016. The Director: Legislature Services was appointed with effect from 01 January 2016.

**Remuneration of the Director: Technical Services**

Annual Remuneration	1 055 880	290 854
Car and Other Allowances	280 412	104 950
Company Contributions to UIF, Medical and Pension Funds	35 615	9 815
Termination Benefits	-	-
<b>Total</b>	<b>1 371 907</b>	<b>405 620</b>

The post for the Director: Technical Services was vacant for the period 01 July 2014 until 31 January 2015. An Acting Allowance was paid for the period. A new manager was appointed on 01 February 2015.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>Remuneration of the Director: Water Services</b>		
Annual Remuneration	764 667	923 730
Car and Other Allowances	378 592	415 477
Company Contributions to UIF, Medical and Pension Funds	25 326	48 823
Termination Benefits	-	-
<b>Total</b>	<b>1 168 585</b>	<b>1 388 030</b>

The Director: Water Services was acting in the position of Municipal Manager from 01 December 2015 to 29 February 2016, and was appointed in the post as from 01 March 2016. The post was vacant from 01 March 2016 to 30 June 2016. An acting Allowance was paid for the period 01 December 2015 to 29 February 2016.

<b>Remuneration of the Chief of Staff: Legislature</b>		
Annual Remuneration	525 950	411 052
Car and Other Allowances	14 286	-
Company Contributions to UIF, Medical and Pension Funds	16 054	17 677
Termination Benefits	86 036	-
<b>Total</b>	<b>642 325</b>	<b>428 728</b>

This is a new post that was created due to restructuring. The Chief of Staff was appointed with effect 01 March 2015. Subsequently, the Chief of Staff: Legislature resigned on 31 December 2015. The post was vacant for the period 01 January 2016 to 30 June 2016 and no Acting Allowance was paid for this period.

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

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

**29 REMUNERATION OF COUNCILLORS**

Mayor	697 442	559 735
Deputy Mayor	557 953	-
Speaker	557 953	447 788
Chief Whip	523 081	-
Executive Committee Members	3 625 591	3 645 481
Councillors	6 446 430	7 010 926
Company Contributions to UIF, Medical and Pension Funds	181 910	164 833
Other Allowances (Cellular Phones, Housing, Transport, etc.)	4 291 456	4 628 897
<b>Total Councillors' Remuneration</b>	<b>16 881 815</b>	<b>16 457 660</b>

**Remuneration of Councillors:**

**In-kind Benefits**

The Councillors occupying the position of Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. Each of these Councillors are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at less than market related rate. The Executive Mayor has use of a Council owned vehicle for official duties.

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>30 DEPRECIATION AND AMORTISATION</b>		
Depreciation: Property, Plant and Equipment	151 585 120	151 096 948
Amortisation: Intangible Assets	1 011 642	1 011 642
<b>Total Depreciation and Amortisation</b>	<b>152 596 763</b>	<b>152 108 590</b>

The prior year amount for *Depreciation and Amortisation* has been adjusted. Refer to Note 41.3 on "Correction of Error" for details of the restatement.

**31 IMPAIRMENT LOSSES**

**31.1 Impairment Losses on Fixed Assets**

<b>Impairment Losses Recognised:</b>	18 986 869	89 170 981
Property, Plant and Equipment	18 986 869	89 170 981
Intangible Assets	-	-
<b>Impairment Losses Reversed:</b>	-	-
Property, Plant and Equipment	-	-
Intangible Assets	-	-
	<b>18 986 869</b>	<b>89 170 981</b>

**31.2 Impairment Losses on Financial Assets**

<b>Impairment Losses Recognised:</b>	88 706 598	64 909 869
Long-term Receivables	-	-
Receivables from Exchange Transactions	88 706 598	64 909 869
Receivables from Non-exchange Transactions	-	-
<b>Impairment Losses Reversed:</b>	-	-
Long-term Receivables	-	-
Receivables from Exchange Transactions	-	-
Receivables from Non-exchange Transactions	-	-
	<b>88 706 598</b>	<b>64 909 869</b>
<b>Total Impairment Losses</b>	<b>107 693 467</b>	<b>154 080 850</b>

The prior year amount for *Impairment Losses* has been adjusted. Refer to Note 41.3 on "Correction of Error" for details of the restatement.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>32 REPAIRS AND MAINTENANCE</b>		
Land and Buildings	2 729 680	1 979 451
Infrastructure - Road Transport	24 967 752	311 000
Infrastructure - Sanitation	7 432 908	3 530 626
Infrastructure - Water	59 866 207	24 653 457
Other Assets	4 761 059	6 000 147
Intangible Assets	-	223 817
<b>Total Repairs and Maintenance</b>	<b>99 757 607</b>	<b>36 698 499</b>

The prior year amount for *Repairs and Maintenance* has been adjusted. Refer to Note 41.3 on "Correction of Error" for details of the restatement.

**33 FINANCE COSTS**

Creditors Overdue	389 463	1 864 857
<b>Total Interest Paid on External Borrowings</b>	<b>389 463</b>	<b>1 864 857</b>

**33.1 Calculation of Cash Flow:**

Finance Cost Expenditure	389 463	1 864 857
<b>Total Payments for Finance Costs</b>	<b>389 463</b>	<b>1 864 857</b>

**34 BULK PURCHASES**

Water	43 684 750	39 261 927
<b>Total Bulk Purchases</b>	<b>43 684 750</b>	<b>39 261 927</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Water is purchased from the Department of Water Affairs.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	R	R
<b>35 CONTRACTED SERVICES</b>		
Professional Fees	12 513 038	9 203 675
Security Services	13 177 923	10 330 715
Waste Management	2 009 902	273 963
Water Purification	21 397	167 886
Other Contracted Services	698 297	1 741 305
<b>Total Contracted Services</b>	<b>28 420 558</b>	<b>21 717 546</b>

**35.1 Calculation of Cash Flow:**

Expenditure for Contracted Services	Note 35	28 420 558	21 717 546
Expenditure for Bulk Purchases	Note 34	43 684 750	39 261 927
Expenditure for Repairs and Maintenance	Note 32	99 757 607	36 698 499
Opening Balance of Payables: Exchange Transactions	Note 15	403 909 751	374 408 420
Closing Balance of Payables: Exchange Transactions	Note 15	(466 593 593)	(403 909 751)
Opening Balance of Payables: VAT Income Suspense	Note 15	(43 788 607)	(35 838 768)
Closing Balance of Payables: VAT Income Suspense	Note 15	50 952 155	43 788 607
Opening Balance of Inventories	Note 2	(15 862 011)	(18 131 515)
Closing Balance of Inventories	Note 2	16 614 892	15 862 011
Other Transfers of Assets	Note 7	(57 310)	(124 200)
<b>Total for Suppliers Paid</b>		<b>117 038 192</b>	<b>73 732 776</b>

The prior year amount for *Contracted Services* has been adjusted. Refer to Note 41.3 on "Correction of Error" for details of the restatement.

**36 GRANTS AND SUBSIDIES PAID**

Community Projects	20 541 688	8 920 142
Free Basic Services	1 060 618	1 257 199
Local Municipalities	4 152 535	646 123
Municipal Entities	36 185 216	35 944 865
Social Aid	9 883 142	5 617 267
<b>Total Grants and Subsidies</b>	<b>71 823 198</b>	<b>52 385 596</b>

The prior year amount for *Grants and Subsidies Paid* has been adjusted. Refer to Note 41.3 on "Correction of Error" for details of the restatement.

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

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

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

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



**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>37 GENERAL EXPENSES</b>		
Included in General Expenses are the following:		
Advertising	780 251	639 026
Audit Fees	7 124 390	4 271 780
Bank Charges	972 490	418 464
Books, Magazines and Publications	7 585	109 449
Capex Expenditure Control	-	55 536 589
Cleaning Material	1 367 086	1 010 415
Communication and Public Participation	8 190 433	4 691 960
Conferences and Meetings	10 796 746	9 516 211
Cost of Issues of Inventory	20 167 313	23 134 508
Entertainment	1 972 687	1 136 642
Expenditure incurred from Grants:		
- Conditional Grants	156 248 801	243 006 044
- EPWP Grant	-	149 751
- Finance Management Grant	-	53 614
Farms Operations	1 833 626	4 445 624
Fuel and Oil	8 531 885	11 104 655
Hiring of Equipment	25 069 855	11 050 561
IDP Review	4 409 169	2 979 563
Insurance	1 879 392	1 488 858
Legal Costs	5 534 589	1 819 903
Levies: SALGA	3 988 390	2 241 360
Licence Fees	1 580 745	2 909 670
Materials and Stocks	2 101 697	-
Medical Examinations	26 864	142 461
Municipal Health Services	1 464 789	1 563 295
Municipal Services:		
- Assessment Rates	925 838	782 582
- Electricity	36 146 910	34 606 936
Operational Cost of Programs	11 326 609	7 857 203
Postage and Telegrams	108 745	310 647
Printing and Stationery	24 349	291 631
Purification Chemicals	1 210 626	1 919 903
Staff Development and Wellness	4 906 838	1 398 155
Telephone Cost	8 669 977	6 410 827
Tourism Strategy	1 529 826	1 067 826
Training Costs	5 952 876	5 378 064
Transport Costs	11 171 899	6 038 091
Travelling and Subsistence	28 167 666	26 108 397
Uniforms and Protective Clothing	1 367 880	2 835 919
VIP Protection Unit	1 030 019	918 565
Ward Committee Management	236 000	16 562
Waste Water Management	534 082	509 628
Whip's Office	2 111 766	1 970 307
Other General Expenses	1 716 558	2 177 933
<b>Total General Expenses</b>	<b>381 187 247</b>	<b>484 019 579</b>

**37.1 Calculation of Cash Flow:**

Expenditure for General Expenses	Note 37	381 187 247	484 019 579
Expenditure for Grants and Subsidies Paid	Note 36	71 823 198	52 385 596
Opening Balance of Payables: Non-exchange Transactions	Note 16	825 069	388 176
Closing Balance of Payables: Non-exchange Transactions	Note 16	(2 398 672)	(825 069)
<b>Total for Other Payments</b>		<b>451 436 843</b>	<b>535 968 282</b>

The prior year amount for *General Expenses* has been adjusted. Refer to Note 41.3 on "Correction of Error" for details of the restatement.

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

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>37.2 Material Losses</b>	<b>12 257 657</b>	<b>42 681 482</b>
Distribution Losses:		
Water Losses	12 257 657	42 681 482

No other extra-ordinary expenses were incurred.

**38 OTHER GAINS AND LOSSES**

Gains in Fair Value of Biological Assets	1 774 552	-
Losses in Fair Value of Biological Assets	-	(1 438 196)
<b>Net Other Gains and Losses</b>	<b>1 774 552</b>	<b>(1 438 196)</b>

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

**39 GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS**

Proceeds on Sale of Assets	-	0
Assets Disposed at Carrying Value	-	(0)
<b>Total Gains / Losses on Disposal of Capital Assets</b>	<b>-</b>	<b>-</b>

The prior year amount for *Gains / Losses on Disposal of Capital Assets* has been adjusted. Refer to Note 41.3 on "Correction of Error" for details of the restatement.

**40 CHANGE IN ACCOUNTING POLICY**

The municipality adopted no Accounting Standards for the first time during the financial year 2015/16 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

- GRAP 105 Transfers between Entities under common control - issued November 2010
- GRAP 106 Transfers between Entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010

**40.1 GRAP 105 - Transfers between Entities under common control**

The Accounting Standard for *Transfers between Entities under common control* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2016 in terms of GRAP 105.

The municipality has developed Accounting Policies to fully comply with GRAP 105 (*Transfers between Entities under common control*). No transfers in terms of GRAP 105 occurred during the reporting period and there is no need for restatement of prior year figures.

**40.2 GRAP 106 - Transfers between Entities not under common control**

The Accounting Standard for *Transfers between Entities not under common control* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2016 in terms of GRAP 106.

The municipality has developed Accounting Policies to fully comply with GRAP 106 (*Transfers between Entities not under common control*). No transfers in terms of GRAP 106 occurred during the reporting period and there is no need for restatement of prior year figures.

**40.3 GRAP 107 - Mergers**

The Accounting Standard for *Mergers* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2016 in terms of GRAP 107.

The municipality has developed Accounting Policies to fully comply with GRAP 107 (*Mergers*). No mergers in terms of GRAP 107 occurred during the reporting period and there is no need for restatement of prior year figures.

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2015, but the Accumulated Surplus as at 30 June 2014 has increased by R4,408 million.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**41 CORRECTION OF ERROR**

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

**41.1 Reclassification of Accumulated Surplus**

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

**The effect of the changes are as follows:**

		<b>Accumulated Surplus</b>
<b>Balances published as at 30 June 2014</b>		<b>4 182 075 255</b>
Correction of Error:-		
Restatement of Grants in Debit	2 250 158	
Restatement of VAT Claim in terms of VAT Audit	5 976 354	
Restatement of Cash Book Receipts	84 886	
Restatement of Stale Cheques reversed	944 218	
Restatement of Cash Book Transactions	(67 871)	
Restatement of Land per revised Asset Register	11 420 737	
Restatement of Buildings per revised Asset Register	48 681 634	
Restatement of Leased Assets per revised Asset Register	(112 968)	
Restatement of Other Assets per revised Asset Register	20 319 495	
Restatement of Intangible Assets per revised Asset Register	1 926 209	
Restatement of Health Retirement Benefits	<u>(30 458 675)</u>	60 964 176
<b>Restated Balances as at 30 June 2014</b>		<b><u>4 243 039 430</u></b>
Transactions incurred for the Year 2014/15		191 465 361
Correction of Error:-		
Restatement of LG SETA Grant received	5 022 617	
Restatement of Cash Book Receipts	(85 417)	
Restatement of Stale Cheques reversed	1 867 623	
Restatement of Cash Book Transactions	(937 545)	
Restatement of Building Assets	(103 743)	
Restatement of Infrastructure Assets	55 475 880	
Restatement of Leased Assets per revised Asset Register	31 659	
Restatement of Other Assets	(2 747 817)	
Restatement of Intangible Assets per revised Asset Register	16 169	
Restatement of Expenditure for IT88 Salary Allocations	(19 067)	
Restatement of Expenditure for Grant Funded Projects	(34 565 558)	
Restatement of Sundry Expenditure from Bank Transactions	(504 614)	
Restatement of Farm Operations from Ntinga Entity	1 915 080	
Restatement of Health Retirement Benefits	<u>(3 631 686)</u>	21 733 581
<b>Restated Balances as at 30 June 2015</b>		<b><u><u>4 456 238 372</u></u></b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
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**41.2 Reclassification of Revenue**

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

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

	Prior Year 2014/15 Revenue	Current Year 2014/15 Revenue	Restated Amount
Income for Agency Services	87 160	87 160	-
Government Grants and Subsidies Received	1 189 153 558	1 194 078 662	(4 925 104)
Public Contributions and Donations	1 963 863	1 963 863	-
Service Charges	188 614 946	188 614 946	-
Rental of Facilities and Equipment	29 705	29 705	-
Interest Earned - External Investments	17 498 221	17 412 805	85 417
Interest Earned - Outstanding Debtors	33 621 598	33 621 598	-
Other Income	80 823 347	82 738 426	(1 915 080)
	<u><u>1 511 792 398</u></u>	<u><u>1 518 547 165</u></u>	<u><u>(6 754 767)</u></u>

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

	Government Grants	Service Charges	Interest: External	Other Income
<b>Balance previously reported</b>	<b>1 189 153 558</b>	<b>188 614 946</b>	<b>17 498 221</b>	<b>80 823 347</b>
Adjustment of Revenue for Health Grant received	4 352 188			
Adjustment of Revenue for LG SETA Grant received	572 916			
Adjustment of Revenue for Cash Book Receipts			(85 417)	
Adjustment of Farm Operations from Ntinga Entity				1 915 080
<b>Restated Balance now reported</b>	<u><u>1 194 078 662</u></u>	<u><u>188 614 946</u></u>	<u><u>17 412 805</u></u>	<u><u>82 738 426</u></u>

**Government Grants and Subsidies Received:**

The prior year amounts for *Government Grants and Subsidies Received* have been restated to correctly disclose the revenue for Health Grant, previously not recognised.

Furthermore, the prior year amounts for *Government Grants and Subsidies Received* have been restated to correctly disclose the revenue for LG SETA Grant, previously not recognised.

**Interest Earned - External Investments:**

The prior year amounts for *Interest Earned on External Investments* have been restated to correctly disclose the revenue earned, as various Bank Receipts were previously incorrectly recognised.

**Other Income:**

The prior year amounts for *Other Income* have been restated to correctly disclose the revenue for Farm Operations, previously not recognised.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
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**41.3 Reclassification of Expenditure**

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

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

	Prior Year 2014/15 Expenditure	Current Year 2014/15 Expenditure	Restated Amount
Employee Related Costs	340 970 613	345 314 924	(4 344 312)
Remuneration of Councillors	16 457 660	16 457 660	-
Depreciation and Amortisation	160 368 961	152 108 590	8 260 371
Impairment Losses	172 569 843	154 080 850	18 488 993
Repairs and Maintenance	36 719 837	36 698 499	21 338
Finance Costs	1 864 857	1 864 857	-
Bulk Purchases	39 261 927	39 261 927	-
Contracted Services	21 704 726	21 717 546	(12 820)
Grants and Subsidies Paid	52 200 701	52 385 596	(184 895)
General Expenses	450 846 935	484 019 579	(33 172 645)
Other Losses on Continued Operations	1 438 196	1 438 196	-
Loss on Disposal of Property, Plant and Equipment	25 922 784	-	25 922 784
Surplus / (Deficit) for the Year	191 465 361	213 198 942	(21 733 581)
	<b>1 511 792 398</b>	<b>1 518 547 165</b>	<b>(6 754 767)</b>

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

	Employee Costs	Depreciation & Amortisation	Impairment Losses	Repairs & Maintenance
<b>Balance previously reported</b>	<b>340 970 613</b>	<b>160 368 961</b>	<b>172 569 843</b>	<b>36 719 837</b>
Adjustment of Expenditure for Cash Book Transactions	693 559			
Adjustment of Expenditure for IT88 Salary Allocations	19 067			
Adjustment of Expenditure for Health Retirement Benefits	3 631 686			
Adjustment of Intangible Assets per revised Asset Register		(16 169)		
Adjustment of Buildings per revised Asset Register		103 743		
Adjustment of Leased Assets per revised Asset Register		(31 659)		
Adjustment of Other Assets per revised Asset Register		(2 608 404)	5 356 222	
Adjustment of Infrastructure per revised Asset Register		(5 707 882)	(23 845 214)	
Adjustment of Expenditure for Stale Cheques reversed				(21 338)
<b>Restated Balance now reported</b>	<b>345 314 924</b>	<b>152 108 590</b>	<b>154 080 850</b>	<b>36 698 499</b>
	Contracted Services	Grants & Subsidies Paid	General Expenses	Losses on Disposals
<b>Balance previously reported</b>	<b>21 704 726</b>	<b>52 200 701</b>	<b>450 846 935</b>	<b>25 922 784</b>
Adjustment of Expenditure for Stale Cheques reversed	(1 180)	(13 080)	(1 832 025)	
Adjustment of Expenditure for Cash Book Transactions	14 000	197 975	44 612	
Adjustment of Expenditure for Grant Funded Projects			34 565 558	
Adjustment of Sundry Expenditure from Bank Transactions			394 500	
Adjustment of Infrastructure per revised Asset Register				(25 922 784)
<b>Restated Balance now reported</b>	<b>21 717 546</b>	<b>52 385 596</b>	<b>484 019 579</b>	<b>-</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

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**Employee Related Costs:**

The prior year amounts for *Employee Related Costs* have been restated to correctly disclose the expenditure incurred, as various Bank Transactions were not previously recognised.

Furthermore, the prior year amounts for *Employee Related Costs* have been restated to correctly disclose the expenditure incurred, IT88 Salary Allocations not previously recognised.

Furthermore, the prior year amounts for *Employee Related Costs*, Retirement Benefit Liabilities and Provisions have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2016, previously not recognised.

**Depreciation and Amortisation:**

The prior year amounts for *Depreciation & Amortisation* have been restated to correctly disclose the depreciation in terms of the revised Asset Registers for Intangible, Buildings, Leased, Infrastructure and Other Assets, previously incorrectly accounted for.

**Impairment Losses:**

The prior year amounts for *Impairment Losses* have been restated to correctly disclose the depreciation in terms of the revised Asset Registers for Infrastructure and Other Assets, previously incorrectly accounted for.

**Repairs and Maintenance:**

The prior year amounts for *Repairs & Maintenance* have been restated to correctly disclose the expenditure incurred, as stale cheques were not previously recognised.

**Contracted Services:**

The prior year amounts for *Contracted Services* have been restated to correctly disclose the expenditure incurred, as stale cheques were not previously recognised.

Furthermore, the prior year amounts for *Contracted Services* have been restated to correctly disclose the expenditure incurred, as various Bank Transactions were not previously recognised.

**Grants and Subsidies Paid:**

The prior year amounts for *Grants and Subsidies Paid* have been restated to correctly disclose the expenditure incurred, as stale cheques were not previously recognised.

Furthermore, the prior year amounts for *Grants and Subsidies Paid* have been restated to correctly disclose the expenditure incurred, as various Bank Transactions were not previously recognised.

**General Expenses:**

The prior year amounts for *General Expenses* have been restated to correctly disclose the expenditure incurred, as stale cheques were not previously recognised.

Furthermore, the prior year amounts for *General Expenses* have been restated to correctly disclose the expenditure incurred, as various Bank Transactions were not previously recognised.

Furthermore, the prior year amounts for *General Expenses* have been restated to correctly disclose the expenditure incurred from MIG Grant, previously not recognised.

Furthermore, the prior year amounts for *General Expenses* have been restated to correctly disclose expenditure incurred, previously not

**Loss on Disposal of Assets:**

The prior year amounts for *Loss on Disposal of Assets* and Infrastructure Assets have been restated to correctly disclose the Losses on disposal of infrastructure assets, previously incorrectly disposed of.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R                      **2015**  
R

**41.4 Reclassification of Statement of Financial Position**

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

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

	<b>Prior Year 2014/15 Balance</b>	<b>Current Year 2014/15 Balance</b>	<b>Restated Amount</b>
<b>Current Assets</b>			
Inventories	15 862 011	15 862 011	-
Receivables from Exchange Transactions	102 123 289	102 123 289	-
Receivables from Non-exchange Transactions	44 858 475	12 548 189	32 310 286
VAT Receivable	47 364 274	53 340 628	(5 976 354)
Cash and Cash Equivalents	297 915 732	306 651 625	(8 735 893)
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4 272 299 783	4 405 264 659	(132 964 876)
Intangible Assets	1 168 369	3 110 747	(1 942 378)
Investment Property	2 200 000	2 200 000	-
Heritage Assets	90 000	90 000	-
Biological Assets	14 636 898	14 636 898	-
Long-term Receivables	296 807	296 807	-
<b>Current Liabilities</b>			
Consumer Deposits	(2 065 078)	(2 065 078)	-
Provisions	(2 271 547)	(2 337 403)	65 856
Payables from Exchange Transactions	(403 909 751)	(403 909 751)	-
Payables from Non-exchange Transactions	(303 973)	(825 069)	521 096
Unspent Conditional Grants and Receipts	(4 110 015)	(4 110 015)	-
Current Portion of Long-term Liabilities	(84 423)	(84 423)	-
<b>Non-Current Liabilities</b>			
Long-term Liabilities	(20 436)	(20 436)	-
Retirement Benefit Liabilities	(12 509 800)	(46 534 305)	34 024 505
<b>Net Assets</b>			
Accumulated Surplus / (Deficit)	(4 373 540 615)	(4 456 238 372)	82 697 757
	<u>-</u>	<u>-</u>	<u>0</u>

Opening balances and prior year amounts of items in the **Statement of Financial Position** have been restated as indicated below:

	<b>Inventories</b>	<b>Receivables: Exchange</b>	<b>Receivables: Non-exchange</b>	<b>VAT Receivable</b>
<b>Balances previously published per AFS as at 30 June 2014</b>	<b>18 131 515</b>	<b>75 534 297</b>	<b>94 240 154</b>	<b>53 590 223</b>
Adjustment of Grants in Debit			2 250 158	
Adjustment of VAT Claim in terms of VAT Audit				5 976 354
<b>Balances now published per AFS as at 30 June 2014</b>	<b>18 131 515</b>	<b>75 534 297</b>	<b>96 490 312</b>	<b>59 566 577</b>
Transactions incurred for the Year 2014/15	(2 269 504)	26 588 992	(49 381 679)	(6 225 949)
Adjustment of Expenditure for Grant Funded Projects			(34 565 558)	
Adjustment of Sundry Expenditure from Bank Transactions			5 114	
<b>Balances now published per AFS as at 30 June 2015</b>	<b>15 862 011</b>	<b>102 123 289</b>	<b>12 548 189</b>	<b>53 340 628</b>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R	
	Cash & Equivalents	Property, Plant & Equipment	Intangible Assets
<b>Balances previously published per AFS as at 30 June 2014</b>	<b>203 942 672</b>	<b>4 131 755 001</b>	<b>2 196 180</b>
Adjustment of Bank for Cash Book Receipts	84 886		
Adjustment of Bank for Stale Cheques reversed	973 568		
Adjustment of Bank for Cash Book Transactions	(56 747)		
Adjustment of Land per revised Asset Register		11 420 737	
Adjustment of Buildings per revised Asset Register		48 681 634	
Adjustment of Leased per revised Asset Register		(112 968)	
Adjustment of Other Assets per revised Asset Register		20 319 495	
Adjustment of Intangibles per revised Asset Register			1 926 209
<b>Balances now published per AFS as at 30 June 2014</b>	<b>204 944 379</b>	<b>4 212 063 898</b>	<b>4 122 389</b>
Transactions incurred for the Year 2014/15	93 973 060	140 544 782	(1 027 811)
Adjustment of Bank for Health Grant received	4 352 188		
Adjustment of Bank for LG SETA Grant received	670 429		
Adjustment of Bank for Cash Book Receipts	(85 417)		
Adjustment of Bank for Stale Cheques reversed	1 917 316		
Adjustment of Bank for Cash Book Transactions	(525 682)		
Adjustment of Farm Operations from Ntinga Entity	1 915 080		
Adjustment of Sundry Expenditure from Bank Transactions	(509 728)		
Adjustment of Buildings per revised Asset Register		(103 743)	
Adjustment of Infrastructure per revised Asset Register		55 475 880	
Adjustment of Leased per revised Asset Register		31 659	
Adjustment of Other Assets per revised Asset Register		(2 747 817)	
Adjustment of Intangibles per revised Asset Register			16 169
<b>Balances now published per AFS as at 30 June 2015</b>	<b>306 651 625</b>	<b>4 405 264 659</b>	<b>3 110 747</b>
	<b>Payables: Non-exchange</b>	<b>Provisions</b>	<b>Retirement Liabilities</b>
<b>Balances previously published per AFS as at 30 June 2014</b>	<b>(347 703)</b>	<b>(1 335 242)</b>	<b>(11 069 741)</b>
Adjustment of Control Accounts for Stale Cheques reversed	(29 349)		
Adjustment of Control Accounts for Bank Transactions	(11 124)		
Adjustment of Liability for Health Retirement Benefits		(74 640)	(30 384 035)
<b>Balances now published per AFS as at 30 June 2014</b>	<b>(388 176)</b>	<b>(1 409 882)</b>	<b>(41 453 776)</b>
Transactions incurred for the Year 2014/15	43 730	(936 305)	(1 440 059)
Adjustment of Control Accounts for Stale Cheques reversed	(49 693)		
Adjustment of Control Accounts for Bank Transactions	(411 863)		
Adjustment of Expenditure for IT88 Salary Allocations	(19 067)		
Adjustment of Liability for Health Retirement Benefits		8 784	(3 640 470)
<b>Balances now published per AFS as at 30 June 2015</b>	<b>(825 069)</b>	<b>(2 337 403)</b>	<b>(46 534 305)</b>

**Receivables from Non-exchange Transactions:**

The **opening balances** of *Receivables from Non-exchange Transactions* have been restated to correctly disclose the receivables, adjusted for Unspent Grants previously in debit.

The **prior year amounts** for *Receivables from Non-exchange Transactions* have been restated to correctly disclose the expenditure incurred from MIG Grant, previously not recognised.

Furthermore, the **prior year amounts** for *Receivables from Non-exchange Transactions* have been restated to correctly disclose expenditure incurred, previously not recognised.



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**VAT Receivable:**

The **opening balance** of *VAT Receivable* has been restated to correctly disclose the receivable for VAT, adjusted with the outcome of a VAT Audit performed.

**Cash and Cash Equivalents:**

The **opening balance** for *Cash & Cash Equivalents* has been restated to correctly disclose the money held in Bank, adjusted for stale cheques not previously reversed.

Furthermore, the **opening balance** for *Cash & Cash Equivalents* have been restated to correctly disclose the money held in Bank, adjusted for various bank transactions not previously recognised.

The **prior year amount** for *Cash & Cash Equivalents* has been restated to correctly disclose the money held in Bank, adjusted for various Bank Receipts previously incorrectly recognised.

Furthermore, the **prior year amount** for *Cash & Cash Equivalents* has been restated to correctly disclose the money held in Bank, adjusted for stale cheques not previously reversed.

Furthermore, the **prior year amount** for *Cash & Cash Equivalents* have been restated to correctly disclose the money held in Bank, adjusted for various bank transactions not previously recognised.

Furthermore, the **prior year amount** for *Cash & Cash Equivalents* have been restated to correctly disclose the money held in Bank, adjusted for Health Grant not previously recognised.

Furthermore, the **prior year amount** for *Cash & Cash Equivalents* have been restated to correctly disclose the money held in Bank, adjusted for LG SETA Grant not previously recognised.

Furthermore, the **prior year amounts** for *Cash & Cash Equivalents* have been restated to correctly disclose the revenue for Farm Operations, previously not recognised.

Furthermore, the **prior year amounts** for *Cash & Cash Equivalents* have been restated to correctly disclose expenditure incurred, previously not recognised.

**Property, Plant and Equipment:**

The **opening balance** for *Property, Plant & Equipment* has been restated to correctly disclose Land, Buildings, Leased and Other Assets, adjusted to agree to the revised Asset Registers prepared.

The **prior year amount** for *Property, Plant & Equipment* has been restated to correctly disclose Buildings, Infrastructure, Leased and Other Assets, adjusted to agree to the revised Asset Registers prepared.

**Intangible Assets:**

The **opening balance** for *Intangible Assets* has been restated to correctly disclose Intangible Assets, adjusted to agree to the revised Asset Register prepared.

The **prior year amount** for *Intangible Assets* has been restated to correctly disclose Intangible Assets, adjusted to agree to the revised Asset Register prepared.

**Provisions:**

The **opening balances** for *Provisions*, Retirement Benefit Liabilities and Employee Related Costs have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2016, previously not recognised.

The **prior year amounts** for *Provisions*, Retirement Benefit Liabilities and Employee Related Costs have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2016, previously not recognised.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**                      **2015**  
**R**                                      **R**

**Payables from Non-exchange Transactions:**

The **opening balance** for *Payables from Non-exchange Transactions* has been restated to correctly disclose the amount for Creditors, adjusted for stale cheques not previously reversed.

Furthermore, the **opening balance** for *Payables from Non-exchange Transactions* have been restated to correctly disclose the amount for Creditors, adjusted for various bank transactions not previously recognised.

The **prior year amount** for *Payables from Non-exchange Transactions* has been restated to correctly disclose the amount for Creditors, adjusted for stale cheques not previously reversed.

Furthermore, the **prior year amount** for *Payables from Non-exchange Transactions* have been restated to correctly disclose the amount for Creditors, adjusted for various bank transactions not previously recognised.

Furthermore, the **prior year amounts** for *Payables from Non-exchange Transactions* have been restated to correctly disclose the expenditure incurred, IT88 Salary Allocations not previously recognised.

**Retirement Benefit Liabilities:**

The **opening balances** for *Retirement Benefit Liabilities*, Provisions and Employee Related Costs have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2016, previously not recognised.

The **prior year amounts** for *Retirement Benefit Liabilities*, Provisions and Employee Related Costs have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2016, previously not recognised.

**42 CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the Year	402 275 204	213 198 942
Adjustment for:		
Depreciation and Amortisation	152 596 763	152 108 590
Impairment Losses on Property, Plant and Equipment	18 986 869	89 170 981
Losses / (Gains) on Other Continued Operations	(1 774 552)	1 438 196
Other Movement on Biological Assets	57 310	124 200
Contribution to Post-retirement Health Care Benefits	4 805 356	3 706 326
Expenditure incurred from Post-retirement Health Care Benefits	(65 856)	(74 640)
Contribution to Long Service Awards Liability	3 142 391	3 711 606
Expenditure incurred from Long Service Awards Liability	(2 271 547)	(1 335 242)
Contribution to Impairment Provision	88 706 598	64 909 869
Bad Debts Written-off	(94 482 267)	(51 445)
<b>Operating surplus before working capital changes</b>	<b>571 976 270</b>	<b>526 907 382</b>
Decrease/(Increase) in Inventories	(752 881)	2 269 504
Decrease/(Increase) in Receivables from Exchange Transactions	(77 251 603)	(91 498 861)
Decrease/(Increase) in Receivables from Non-exchange Transactions	87 090 865	83 993 568
Decrease/(Increase) in VAT Receivable	(25 208 005)	6 225 949
Increase/(Decrease) in Consumer Deposits	385 004	393 036
Increase/(Decrease) in Payables from Exchange Transactions	62 683 842	29 501 331
Increase/(Decrease) in Payables from Non-exchange Transactions	1 573 603	436 893
Increase/(Decrease) in Conditional Grants and Receipts	(4 110 015)	(22 111 812)
<b>Cash generated by / (utilised in) Operations</b>	<b>616 387 079</b>	<b>536 116 990</b>

**43 NON-CASH INVESTING AND FINANCING TRANSACTIONS**

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2015/16 financial year.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**44 FINANCING FACILITIES**

The municipality did not have any Financing Facilities available at any time during the two financial years.

**45 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term Liabilities (See Note 18)	20 436	104 859
Used to finance Property, Plant and Equipment - at cost	(20 436)	(104 859)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Note 6)	-	-
<b>Cash invested for Repayment of Long-term Liabilities</b>	<b>-</b>	<b>-</b>

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

**46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**46.1 Unauthorised Expenditure**

		<b>Restated</b>
Reconciliation of Unauthorised Expenditure:		
Opening balance	2 133 170 181	1 931 674 106
Unauthorised Expenditure current year	18 393 325	201 496 075
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 53)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	<b>2 151 563 506</b>	<b>2 133 170 181</b>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted votes exceeded:-</i>	<i>To be condoned by Council</i>
- Finance and Administration - R11 943 124 (2015: R88 844 626)	
- Planning and Development - R0 (2015: R11 906 232)	
- Community and Social Services - R553 459 (2015: R4 839 515)	
- Public Safety - R1 696 289 (2015: R4 483 234)	
- Environmental Protection - R4 047 476 (2015: R0)	
- Water - R0 (2015: R91 422 468)	
- Other - R152 976 (2015: R0)	

**46.2 Fruitless and Wasteful Expenditure**

		<b>Restated</b>
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	23 766 222	17 499 221
Fruitless and Wasteful Expenditure current year	480 648	6 267 000
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 53)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<b>24 246 870</b>	<b>23 766 222</b>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Contract not completed (Tsolo Waste Water Treatment Works) - R0 (2015: R4 368 556)</i>	<i>None</i>
<i>Legal and Sherriff cost incurred - R91 185 (2015: R33 395)</i>	<i>None</i>
<i>Penalties incurred on Late Payments - R0 (2015: R193)</i>	<i>None</i>
<i>Interest on late payment - Various Creditors - R389 463 (2015: R1 864 857)</i>	<i>None</i>

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>46.3 Irregular Expenditure</b>		
Reconciliation of Irregular Expenditure:		<b>Restated</b>
Opening balance	1 040 140 828	847 248 507
Irregular Expenditure current year	521 876 918	192 892 320
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 53)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Irregular Expenditure awaiting condonement	<b>1 562 017 745</b>	<b>1 040 140 828</b>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Expenditure contrary to SCM Procedures on inviting of Quotations - R127 093 183 (2015: R160 117 384)</i>	<i>No actions taken - to be submitted to Council for condonement.</i>
<i>Expenditure contrary to SCM Procedures on awarding of Contracts- R394 783 734 (2015: R32 774 937)</i>	<i>No actions taken - to be submitted to Council for condonement.</i>

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

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

Opening Balance	-	-
Council Subscriptions	3 988 390	2 241 360
Amount Paid - current year	(3 988 390)	(2 241 360)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**47.2 Audit Fees**

Opening Balance	222 879	115 681
Current year Audit Fee	7 124 390	4 271 780
Amount Paid - current year	(6 566 614)	(4 048 901)
Amount Paid - previous years	(222 879)	(115 681)
<b>Balance Unpaid (included in Creditors)</b>	<b>557 776</b>	<b>222 879</b>

The balance unpaid represents the audit fee for an interim audit conducted during May and June 2016 (June 2015) and is payable by 31 July 2016 (31 July 2015).

**47.3 VAT**

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

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

Opening Balance	6 939	8 236
Current year Payroll Deductions	65 357 212	54 975 952
Amount Paid - current year	(65 357 212)	(54 969 013)
Amount Paid - previous years	-	(8 236)
<b>Balance Unpaid (included in Creditors)</b>	<b>6 939</b>	<b>6 939</b>

The balance represents PAYE, SDL and UIF deducted from the June 2016 (June 2015) payroll. These amounts were paid during July 2016 (July 2015).

**47.5 Pension and Medical Aid Deductions**

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	53 538 417	48 847 801
Amount Paid - current year	(53 538 417)	(48 847 801)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**47.6 Councillor's arrear Consumer Accounts**

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

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

<b>30 June 2016</b>	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Councillor Bunzana M	8 664	245	8 419
Councillor Mandita KD	17 481	1 900	15 581
Councillor Mgugudo NO	65 984	2 321	63 663
Councillor Mziba L	15 280	710	14 570
Councillor Ndlela	41 790	2 982	38 808
Councillor Ndzwayiba WN & NA	17 481	1 900	15 581
<b>Total Councillor Arrear Consumer Accounts</b>	<b>166 680</b>	<b>10 058</b>	<b>156 622</b>

<b>30 June 2015</b>	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Councillor Bunzana M	10 361	2 004	8 357
Councillor Gwadiso VO	50 403	9 391	41 012
Councillor Mandita KD	6 662	487	6 175
Councillor Mgugudo NO	57 722	1 819	55 903
Councillor Mlamli S	73 412	3 516	69 896
Councillor Mziba L	12 753	622	12 131
Councillor Ndlela	39 011	3 381	35 629
Councillor Ndzwayiba WN & NA	18 669	1 616	17 053
Councillor Nelani	1 155	924	232
<b>Total Councillor Arrear Consumer Accounts</b>	<b>270 148</b>	<b>23 761</b>	<b>246 387</b>

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

<b>30 June 2016</b>	<b>Highest amount outstanding</b>	<b>Ageing</b>
Councillor Bunzana M	8 419	> 90 Days
Councillor Mandita KD	15 581	> 90 Days
Councillor Mgugudo NO	63 665	> 90 Days
Councillor Mziba L	14 570	> 90 Days
Councillor Ndlela	38 808	> 90 Days
Councillor Ndzwayiba WN & NA	15 581	> 90 Days

<b>30 June 2015</b>	<b>Highest amount outstanding</b>	<b>Ageing</b>
Councillor Bunzana M	8 357	> 90 Days
Councillor Gwadiso VO	41 012	> 90 Days
Councillor Mandita KD	6 175	> 90 Days
Councillor Mgugudo NO	1 819	> 90 Days
Councillor Mlamli S	69 896	> 90 Days
Councillor Mziba L	12 131	> 90 Days
Councillor Ndlela	35 629	> 90 Days
Councillor Ndzwayiba WN & NA	17 053	> 90 Days
Councillor Nelani	232	> 90 Days

**47.7 Non-Compliance with the Municipal Finance Management Act**

The municipality incurred non-compliance to the following section of the indicated chapters of the MFMA during the year under review:

Description	Chapter	Section	Sub-section
Expenditure on staff benefits	8	66	
Monthly budget statements	8	71	(i) to (v)
General reporting obligation	8	74	(1) to (2)

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

Material Water Losses were as follows and are not recoverable:

**Water:**

		Lost Units	Tariff	Value
<b>30 June 2016</b>	Unaccounted Water Losses	8 461 143	1.4487	12 257 657
<b>30 June 2015</b>	Unaccounted Water Losses	6 408 631	6.6600	42 681 482

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

	2016 R	2015 R
<b>Volumes in KI/year:</b>		
Water Inventory Opening Balance	170 191	166 721
System Input Volume	19 799 498	28 790 528
Billed Consumption	(11 446 357)	(11 635 413)
Free Basic Water Provided	-	(10 743 014)
Water Inventory Closing Balance	(62 189)	(170 191)
Distribution Loss	8 461 143	6 408 631
Percentage Distribution Loss	42.73%	22.26%

**48 COMMITMENTS FOR EXPENDITURE**

**48.1 Capital Commitments**

Commitments in respect of Capital Expenditure:

**- Approved and Contracted for:-**

*Infrastructure*

<b>621 768 085</b>	<b>589 727 941</b>
621 768 085	589 727 941

**- Approved but Not Yet Contracted for:-**

*Infrastructure*

<b>1 097 446 267</b>	<b>1 396 042 479</b>
1 097 446 267	1 396 042 479

**Total Capital Commitments**

<b>1 719 214 352</b>	<b>1 985 770 420</b>
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This expenditure will be financed from:

Government Grants

1 719 214 352	1 985 770 420
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<b>1 719 214 352</b>	<b>1 985 770 420</b>
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**48.2 Lease Commitments**

Finance Lease Liabilities are disclosed in Note 18.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**                      **2015**  
**R**                                      **R**

**48.3 Other Commitments**

The municipality has entered into a contract on 02 February 2015 with Aurecon South Africa (Pty) Ltd for the "Update and Preparation of the Infrastructure Asset Register" for the years ending 30 June 2015 and 30 June 2016, which will give rise to a total charge of R3 937 236 (VAT inclusive).

The municipality has entered into a contract on 11 February 2015 with Ducharme Consulting (pty) Ltd for the "Preparation of GRAP Annual Financial Statements and Movable Asset Register (including Land and Buildings)" for the years ending 30 June 2015 and 30 June 2016 which will give rise to a total charge of R6 975 274 (VAT inclusive).

The municipality has entered into a contract on 28 February 2015 with Mlobs Security Services, JV Tyeks Security Services, for the "Rendering of Security Services in Port St Johns, Ingquza and Nyandeni" for a two year period, which will give rise to an annual charge of R7 549 053 (VAT inclusive). The contract terminates on 28 February 2017.

The municipality has entered into a contract on 03 March 2015 with Madolo Security and Cleaning Services for the "Provision of Security Services in the Mhlontlo Zone" for a two year period, which will give rise to an annual charge of R1 998 000 (VAT inclusive). The contract terminates on 31 March 2017.

The municipality has entered into a contract on 03 March 2015 with Tyeks Security Services for the "Provision of Security Services in the KSD Zone" for a two year period, which will give rise to an annual charge of R7 553 851 (VAT inclusive). The contract terminates on 31 March 2017.

The municipality has entered into a contract on 17 September 2015 with Sebata Municipal Solutions (Pty) Ltd for the "Revenue and Billing Management Solution (Installation of water meters, maintenance of water meters and database cleansing)" for a three year period, which will give rise to a total charge of R32 000 000 (VAT inclusive). The contract terminates on 16 September 2018.

**49 FINANCIAL INSTRUMENTS**

**49.1 Classification**

**FINANCIAL ASSETS:**

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
<b>Long-term Receivables</b>			
Other Loans	Amortised cost	1 197 650	296 807
<b>Receivables from Exchange Transactions</b>			
Sewerage	Amortised cost	8 371 428	9 236 833
Water	Amortised cost	35 779 609	39 667 967
Other Receivables	Amortised cost	58 037 871	53 218 488
<b>Receivables from Non-exchange Transactions</b>			
Short-term Loans	Amortised cost	4 386	988 688
Sundry Debtors	Amortised cost	8 345 266	11 521 752
Other Control Accounts	Amortised cost	69 324	37 749
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	279 295 341	265 983 012
Bank Balances	Amortised cost	57 572 407	40 668 613
<b>Current Portion of Long-term Receivables</b>			
Other Loans	Amortised cost	-	-

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Assets at Amortised Cost:</b>			
Long-term Receivables	Other Loans	1 197 650	296 807
Receivables from Exchange Transactions	Sewerage	8 371 428	9 236 833
Receivables from Exchange Transactions	Water	35 779 609	39 667 967
Receivables from Exchange Transactions	Other Debtors	58 037 871	53 218 488
Receivables from Non-exchange Transactions	Short-term Loans	4 386	988 688
Receivables from Non-exchange Transactions	Sundry Debtors	8 345 266	11 521 752
Receivables from Non-exchange Transactions	Other Control Accounts	69 324	37 749
Current Portion of Long-term Receivables	Other Loans	-	-
Cash and Cash Equivalents	Call Deposits	279 295 341	265 983 012
Cash and Cash Equivalents	Bank Balances	57 572 407	40 668 613
		448 673 283	421 619 910
<b>Total Financial Assets</b>		<b>448 673 283</b>	<b>421 619 910</b>

**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
<b>Long-term Liabilities</b>			
Finance Lease Liabilities	Amortised cost	(0)	20 436
<b>Payables from Exchange Transactions</b>			
Payments Received in Advance	Amortised cost	5 063 393	4 061 524
Trade Creditors	Amortised cost	173 888 983	155 182 867
Retentions	Amortised cost	105 576 284	68 432 344
Other Creditors	Amortised cost	86 717 431	90 635 741
VAT Accrued Account	Amortised cost	50 952 155	43 788 607
<b>Payables from Non-exchange Transactions</b>			
Income Received in Advance	Amortised cost	1 407 443	-
Salary Control Accounts	Amortised cost	991 229	825 069
<b>Current Portion of Long-term Liabilities</b>			
Finance Lease Liabilities	Amortised cost	20 436	84 423

**SUMMARY OF FINANCIAL LIABILITIES**

<b>Financial Liabilities at Amortised Cost:</b>			
Long-term Liabilities	Finance Lease Liabilities	(0)	20 436
Payables from Exchange Transactions	Payments Received in Advance	5 063 393	4 061 524
Payables from Exchange Transactions	Trade Creditors	173 888 983	155 182 867
Payables from Exchange Transactions	Retentions	105 576 284	68 432 344
Payables from Exchange Transactions	Other Creditors	86 717 431	90 635 741
Payables from Exchange Transactions	VAT Accrued Account	50 952 155	43 788 607
Payables from Non-exchange Transactions	Income Received in Advance	1 407 443	-
Payables from Non-exchange Transactions	Salary Control Accounts	991 229	825 069
Current Portion of Long-term Liabilities	Finance Lease Liabilities	20 436	84 423
		424 617 355	363 031 012
<b>Total Financial Liabilities</b>		<b>424 617 355</b>	<b>363 031 012</b>



**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

2016	2015
R	R

**49.2 Fair Value**

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

**Cash**

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

**Long-term Investments**

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

**Loan Receivables/Payables**

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**Trade and Other Receivables/Payables**

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

**Other Financial Assets and Liabilities**

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

**Long-term Liabilities**

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

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2016, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**                      **2015**  
**R**                                      **R**

**49.3 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

**Gearing Ratio**

**2016**                      **2015**  
**R**                                      **R**

The gearing ratio at the year-end was as follows:

Debt	20 436	104 859
Cash and Cash Equivalents	(336 867 748)	(306 651 625)
Net Debt	(336 847 312)	(306 546 766)
Equity	4 858 513 577	4 456 238 372
<b>Net debt to equity ratio</b>	<b>-6.93%</b>	<b>-6.88%</b>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

**49.4 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**49.5 Significant Risks**

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 49.8 to the Annual Financial Statements.

**49.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**49.6.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

**49.6.2 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

2016	2015
R	R

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**Interest Rate Sensitivity Analysis**

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

The short and long-term financial instruments at year-end with variable interest rates are set out in Note 49.8 below.

*Cash and Cash Equivalents:*

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2016 would have increased / decreased by R3 217 597 (30 June 2015: R2 557 980). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

**49.7 Credit Risk Management**

*Credit Risk* refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

**Investments/Bank, Cash and Cash Equivalents**

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

**Trade and Other Receivables**

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for sewerage and water services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R  
**2015**  
R

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties. They have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	30 June 2016		30 June 2015	
	Credit Limit R	Carrying Amount R	Credit Limit R	Carrying Amount R
Nelson Mandela Academy	-	11 964 803	-	2 701 177
Walter Sisulu University	-	3 764 114	-	-
National Public Works (Wellington Prison)	-	2 968 889	-	-
Ocean View Hotel (Wax & Wane (Pty) Ltd)	-	2 747 384	-	-
Diocese of Mthatha	-	2 456 473	-	-
Zingisa Rehabilitation Centre	-	-	-	1 506 429
Manpower Building	-	-	-	1 426 253
Excelsior Complex	-	-	-	1 165 566
Transkei Hotel	-	-	-	989 804
			<b>2016</b> R	<b>2015</b> R

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	1 197 650	296 807
Receivables from Exchange Transactions	544 228 960	466 977 356
Receivables from Non-exchange Transactions	9 097 631	96 188 496
Bank, Cash and Cash Equivalents	336 867 748	306 651 625
<b>Maximum Credit and Interest Risk Exposure</b>	<b>891 391 989</b>	<b>870 114 285</b>

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors (Note 3.2):		
- Household	71.77%	67.75%
- Industrial / Commercial	9.73%	9.33%
- National and Provincial Government	5.30%	3.70%
- Other Classes	11.55%	2.14%
Other Debtors (Note 4):		
- Other not Classified	1.64%	17.08%
<b>Total Credit Risk</b>	<b>100.00%</b>	<b>100.00%</b>

**Bank and Cash Balances**

ABSA Bank Ltd	2 690 992	2 573 123
First National Bank	49 143 403	151 160 843
Investec Bank	65 382 967	103 232 064
Nedbank	214 432 173	44 764 946
Standard Bank	5 218 213	4 920 649
<b>Total Bank and Cash Balances</b>	<b>336 867 748</b>	<b>306 651 625</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R                      **2015**  
R

**Credit quality of Financial Assets:**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

**Long-term Receivables**

Group 1	-	-
Group 2	1 197 650	296 807
<b>Total Long-term Receivables</b>	<b>1 197 650</b>	<b>296 807</b>

**Receivables from Exchange Transactions**

Counterparties without external credit rating:-

Group 1	11 998 155	11 045 515
Group 2	9 558 045	8 857 303
	<b>21 556 200</b>	<b>19 902 818</b>
<b>Total Receivables from Exchange Transactions</b>	<b>21 556 200</b>	<b>19 902 818</b>

**Receivables from Non-exchange Transactions**

Group 1	8 418 977	12 548 189
Group 2	678 654	678 654
<b>Total Receivables from Non-exchange Transactions</b>	<b>9 097 631</b>	<b>13 226 843</b>

**Credit quality Groupings:**

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**49 FINANCIAL INSTRUMENTS (Continued)**

**49.8 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 45 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following table details the municipality's expected maturity for its non-derivative financial liabilities. The table below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be paid on those liabilities except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
<b>30 June 2016</b>								
Non-interest Bearing		0.00%	467 584 822	467 584 822	-	-	-	-
Fixed Interest Rate Instruments		25.20%	20 436	20 436	-	-	-	-
			<b>467 605 259</b>	<b>467 605 259</b>	-	-	-	-
<b>30 June 2015</b>								
Non-interest Bearing		0.00%	404 734 820	404 734 820	-	-	-	-
Fixed Interest Rate Instruments		25.20%	104 859	42 211	42 211	20 436	-	-
			<b>404 839 679</b>	<b>404 777 031</b>	<b>42 211</b>	<b>20 436</b>	-	-

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2016</b>								
Non-interest Bearing		0.00%	554 524 241	70 903 426	483 324 008	296 807	-	-
Variable Interest Rate Instruments		10.25%	336 867 748	336 867 748	-	-	-	-
			<b>891 391 989</b>	<b>407 771 174</b>	<b>483 324 008</b>	<b>296 807</b>	-	-
<b>30 June 2015</b>								
Non-interest Bearing		0.00%	563 462 660	148 620 707	414 724 668	117 285	-	-
Variable Interest Rate Instruments		6.81%	306 651 625	306 651 625	-	-	-	-
			<b>870 114 285</b>	<b>455 272 332</b>	<b>414 724 668</b>	<b>117 285</b>	-	-

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

**49.9 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**50 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes.

No benefits is provided for councillors, but they can join the Pension Fund for Municipal Councillors on their own.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R22 779 655 (2015: R20 782 117) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

**DEFINED BENEFIT SCHEMES**

**Cape Joint Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The statutory valuation performed as at 30 June 2015 revealed that the fund had a surplus of R21,9 (30 June 2014: surplus of R23,3) million, with a funding level of 153,1% (30 June 2014: 101,7%). The balance of the Solvency Reserve was R59,8 (30 June 2014: R59,9) million. The contribution rate paid by the members (9,00%) and the municipalities (26,77%) is less than the recommended contribution rate of 32,11%. The shortfall of 5,34% of pensionable salaries amounts to about R262 000 a year.

**Government Employees Pension Fund (GEPF):**

The scheme is subject to at least a tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2014.

The statutory valuation performed as at 31 March 2014 revealed that the fund had an excess of assets over liabilities of R252,2 (31 March 2012: R27,3) million, with a funding level of 121,5% (31 March 2012: 102,7%). The reserves established as at 31 March 2014 are limited to the amount affordable by the Fund, namely R252,2 (31 March 2012: R27,3) million. The required employer contribution rate is 18,4% of pensionable salary in respect of "services" members and 14,0% of pensionable salary in respect of "other" members. Council currently contributes at a rate of 16,0% of pensionable salary in respect of "services" members and 13,0% in respect of "other" members. Members of the Fund contribute at a rate of 7,5% of pensionable salary. The shortfall in the required contribution rate is expected to amount to R3,2 million over the next year and can be afforded from the excess of the assets over the best-estimate liabilities.

**Municipal Employees Pension Fund:**

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2011.

The statutory valuation performed as at 28 February 2011 revealed that the net assets of the fund were R552,8 (28 February 2008: R432,7) million, with a funding level of 107,9% (28 February 2008: 108,2%). The contribution rate paid by the members (7,50%) and Council (15,00%, 18,00% and 22,00%) is not sufficient to fund the benefits accruing from the fund in the future and there is a shortfall in the future employer contribution rate of 8,10% (28 February 2008: 0,70%).

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

2016	2015
R	R

**DEFINED CONTRIBUTION SCHEMES**

**Cape Joint Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The valuation performed as at 30 June 2015 revealed that the fund had a surplus of R0 (30 June 2014: surplus of R0) with a funding level of 100% (30 June 2014: 100%). The fund was in a sound financial condition at the valuation date and the assets of the fund were sufficient to cover members' shares and the reserve accounts at the date of the valuation.

**Cape Joint Retirement Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

The statutory valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R9 869 (30 June 2010: R8 220) million, with funding levels of 100,3% and 116,9% (30 June 2010: 99,9% and 100,3%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Eastern Cape Group Municipal Gratuity Fund:**

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2015.

The statutory valuation performed as at 31 March 2015 revealed that the fund had a surplus of R0,2 (31 March 2012: deficit of R0,1) million, with a funding level of 100,5% (31 March 2012: 99,61%). Members do not contribute towards retirement benefits and Council contribute 5% of members' fund salaries towards the retirement funding and fund expenses. The Fund was in a sound financial position and the assets of the fund were sufficient to cover members' fund credits and the data reserve in full at the date of the valuation.

**Eastern Cape Group Municipal Pension Fund:**

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2015.

The statutory valuation performed as at 31 March 2015 revealed that the fund had a surplus of R0,8 (31 March 2012: surplus of R2,0) million, with a funding level of 100,6% (31 March 2012: 102,1%). Members contribute at a rate of 9,0% and Council at a rate of 13,0% of members' fund salaries. The Fund was in a sound financial position and the assets of the fund were sufficient to cover the liabilities and the contingency reserves in full at the date of the valuation.

**National Fund for Municipal Workers**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2014.

The scheme's assets amounted to R9 031,8 (2013: R6 981,5) million at 30 June.

The statutory valuation performed as at 30 June 2014 revealed that the fund had a surplus of 9,3 (30 June 2013: deficit R65,2) million, with a funding level of 100,10% (30 June 2013: 99,07%). The contribution rate paid by the members (minimum of 2,00% to 7,00%) and the municipalities (minimum of 2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

The monthly deductions for cost were sufficient to cover the expenses incurred over the valuation period. The Trustees, with the support of the Valuator, must continue to monitor the position on an annual basis.

**SAMWU (South African Municipal Workers' Union) National Provident Fund:**

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2014.

The statutory valuation performed as at 30 June 2014 revealed that the fund had a surplus of R689,1 (30 June 2011: surplus of R413,6) million, with a funding level of 111,7% (30 June 2011: 111,1%). Members contribute at a rate of not less than 7,5% and Council not less than 18,0% of pensionable salaries. The Fund was in a very sound financial condition at date of the valuation and the Fund's assets were sufficient to cover the members' Fund Credits, the Risk Benefits Reserve and the Data Reserve, and to provide for an investment smoothing reserve of 5,5% of members' Fund Credits as at 30 June 2014.

**Umtata Municipality Provident Fund:**

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2015.

The statutory valuation performed as at 31 March 2015 revealed that the fund had a surplus of R0,2 (31 March 2012: surplus of R0,4) million, with a funding level of 100,6% (31 March 2012: 102,0%). Members contribute at a rate of 9,0% and Council at a rate of 18,0% of members' fund salaries. The Fund was in a sound financial position and the assets of the fund were sufficient to cover members' liabilities and the data reserve account in full at the date of the valuation.

None of the above mentioned plans are State Plans.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
R                      **2015**  
R

**51 RELATED PARTY TRANSACTIONS**

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

**51.1 Interest of Related Parties**

No Related Party Interests have been identified/declared for the two financial years under review.

Kei Fresh Produce Agency is wholly controlled by the municipality.

O R Tambo Ntinga Development Agency is wholly controlled by the municipality.

O R Tambo Ntinga Development Agency is utilising free offices provided by the municipality.

**51.2 Loans granted to Related Parties**

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 12 to the Annual Financial Statements.

**51.3 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 28, 29 and Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

**51.4 Purchases from Related Parties**

The municipality did not buy goods from any companies which can be considered to be Related Parties.

**2016**  
R                      **2015**  
R

**52 CONTINGENT LIABILITIES**

**52.1 Court Proceedings:**

**76 599 668**                      **43 645 210**

<p>(i) Failure to honour a Cession Agreement:  Claims have been lodged for failure to honour a cession agreement. The municipality is contesting the claim based on legal advice. The outcome of the case is still uncertain.</p>	3 693 780	3 693 780
<p>(ii) Failure to honour a Contracts:  Summons from service providers have been received for failure to honour contracts. On the basis of legal advice the municipality is contesting the claim. The outcome of the case is still uncertain.</p>	13 453 593	13 553 593
<p>(iii) Claims for Services Rendered:  Claims in lieu of services rendered have been lodged against the municipality. On the basis of legal opinion, the municipality is contesting the claims. The outcome of the cases are still uncertain.</p>	49 540 258	19 744 800
<p>(iv) Breach of Agreement:  The municipality is being sued for breach of agreement resulting to loss of earnings. The municipality contested the claim. The outcome of the case is still uncertain.</p>	1 341 080	1 341 080
<p>(v) Claim for Damages Suffered:  The municipality is being sued for damages suffered in a motor accident that occurred. On the basis of legal opinion the municipality is contesting the claim. The outcome of the case is still uncertain.</p>	367 947	200 000
<p>(vi) Claim for Damages Suffered:  The municipality is being sued for damages on the claimant's property. The municipality is contesting the claim. The outcome of the case is still uncertain.</p>	2 035 000	315 000
<p>(vii) Claim for Damages Suffered:  Claims have been lodged for damage to telephone infrastructure. The municipality is contesting the claim. The outcome of the cases are still uncertain.</p>	352 547	352 547

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
(viii) Claim for Damages Suffered: Claims have been lodged for the damage to motor vehicles. The municipality is contesting the claims. The claims have been resolved and settled.	-	88 947
(ix) Claim for Electrocutation: The municipality is being sued for the electrocution of a contract worker. The municipality is contesting the claim. The outcome of the case is still uncertain.	300 000	300 000
(x) Claim for Damages Suffered: Claims have been lodged for the damages arising from exposure to robbery, theft and trespassing of strangers. The municipality is contesting the claims. The outcome of the cases are still uncertain.	66 000	66 000
(xi) Claim for Damages Suffered: The municipality is being sued for damages suffered in a motor accident that occurred. On the basis of legal opinion the municipality is contesting the claim. The outcome of the case is still uncertain.	1 500 000	1 200 000
(xii) Claim for Salaries: Claims have been lodged regarding unpaid salaries and secondment allowances, and unfair dismissal. The municipality is contesting the claims. The outcome of the cases are still uncertain.	1 314 463	2 789 463
(xiii) Claim for Tender: A claim has been lodged regarding the awarding of a tender and the disclosure of information. The municipality is contesting the claim. The outcome of the claim is still uncertain.	1 500 000	-
(xiv) Land Claim: A land claim has been lodged against the municipality. Due to the extent of the claim, as well as the consequences thereof, the matter was bound to be opposed by the municipality. The outcome of the claim is still uncertain.	300 000	-
(xv) Claim for Disconnected Services: Claims have been lodged for the disconnecting of water services. The municipality is contesting the claims. The outcome of the cases are still uncertain.	400 000	-
(xvi) Claim for Payments to Unauthorised Accounts: Claims have been lodged for making payments to unauthorised accounts. The municipality is contesting the claims. The outcome of the cases are still uncertain.	300 000	-
(xvii) Claims for Disputed Municipal Accounts: Claims have been lodged due to disputes regarding arrear rentals, ejection and incorrect rates. The municipality is contesting the claims. The outcome of the claims is still uncertain.	135 000	-
<b>52.2 Insurance Claims:</b>	<b>616 337</b>	<b>151 050</b>
(i) Alleged Damages Incurred: Claims lodged against the municipality for alleged damages caused by incidents of which the municipality should take ownership, have been referred to the municipality's insurers.	616 337	151 050

**53 CONTINGENT ASSETS**

<b>53.1 Insurance Claims:</b>	<b>2 233 241</b>	<b>1 630 658</b>
(i) Lost / Damaged Assets: The municipality has claims outstanding against its Insurers for lost and/or damaged assets. The management believe that it is probable that the claims will be successful and that compensation of R2 233 241 (2015: R1 630 658) will be recovered.	2 233 241	1 630 658

**54 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any In-kind Donations and Assistance during the year under review.

**OR TAMBO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**55 PRIVATE PUBLIC PARTNERSHIPS**

The municipality was not a party to any Private Public Partnerships during the year under review.

**56 EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2016.

**57 COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 41).

**58 GOING CONCERN ASSESSMENT**

Management considered the following matters relating to the Going Concern:

- (i) On 30 June 2015 the Council adopted the 2015/16 to 2017/18 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

**APPENDIX A**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

Details	Original Loan Amount	Interest Rate	Loan Number	Loan Redeemable	Balance at 30 June 2015	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2016
	R				R	R	R	R
<b>CAPITAL LEASE LIABILITIES</b>								
Nashua	74 485	26.02%	930	42767	35 894	-	19 669	16 225
Nashua	4 500	28.11%	F638	42675	1 950	-	1 295	655
Nashua	4 500	28.11%	F599	42675	1 950	-	1 295	655
Nashua	4 500	28.11%	F2154	42644	1 856	-	1 326	530
Nashua	4 500	28.11%	F897	42644	1 856	-	1 326	530
Fintech	49 791	25.00%		42217	3 839	-	3 839	(0)
Nashua	4 500	28.11%	F2759	42675	1 950	-	1 295	655
Nashua	4 500	28.11%	F1709	42644	1 856	-	1 326	530
Nashua	4 500	28.11%	F2895	42675	1 950	-	1 295	655
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
	<b>359 933</b>				<b>94 508</b>	-	<b>74 071</b>	<b>20 436</b>

**APPENDIX A**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2015	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2016
	R				R	R	R	R
<b>CAPITAL LEASE LIABILITIES</b>								
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
Fintech	17 013	25.00%		42278	3 450	-	3 450	-
<b>Total Capital Lease Liabilities</b>	<b>410 972</b>				<b>104 859</b>	<b>-</b>	<b>84 423</b>	<b>20 436</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>410 972</b>				<b>104 859</b>	<b>-</b>	<b>84 423</b>	<b>20 436</b>

**CAPITALISED LEASE LIABILITIES**

Structured secured finance leases over office equipment; lease repayments over a maximum period of 5 years at fixed interest rates.

**APPENDIX B**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land</b>												
Land: Developed	9 117 100	-	-	-	-	9 117 100	-	-	-	-	-	9 117 100
Farms	22 885 877	-	-	-	-	22 885 877	-	-	-	-	-	22 885 877
	<b>32 002 977</b>	-	-	-	-	<b>32 002 977</b>	-	-	-	-	-	<b>32 002 977</b>
<b>Buildings</b>												
<i>Residential:</i>												
Farm Buildings	28 247 368	-	-	-	-	28 247 368	17 328 612	707 740	-	-	18 036 352	10 211 016
Residences	29 829 847	312 043	-	-	-	30 141 891	12 290 233	781 342	-	-	13 071 575	17 070 316
<i>Non Residential:</i>												
Office Buildings	92 604 154	1 349 258	-	-	-	93 953 412	12 793 766	2 142 545	-	-	14 936 311	79 017 101
	<b>150 681 369</b>	<b>1 661 301</b>	-	-	-	<b>152 342 670</b>	<b>42 412 611</b>	<b>3 631 627</b>	-	-	<b>46 044 237</b>	<b>106 298 433</b>
<b>Infrastructure</b>												
<i>Roads and Transport:</i>												
Bridges, Subways and Culverts	11 400 334	-	-	-	-	11 400 334	4 504 497	516 329	-	-	5 020 826	6 379 507
Roads: Gravel	283 878 767	-	10 759 072	-	-	294 637 839	182 591 945	13 203 944	-	-	195 795 889	98 841 949
<i>Sewerage:</i>												
Bulk Pipelines	22 571 400	-	-	-	-	22 571 400	17 087 220	450 951	-	-	17 538 171	5 033 229
Pumping Stations	31 976 040	-	-	-	-	31 976 040	18 442 642	991 789	-	-	19 434 431	12 541 610
Purification Works	28 140 930	-	-	-	-	28 140 930	15 652 990	962 176	-	-	16 615 166	11 525 763
Sewers / Reticulation	282 954 000	-	79 514 568	-	-	362 468 568	183 195 600	5 659 080	-	-	188 854 680	173 613 888
<i>Water:</i>												
Boreholes	158 311 233	1 086 822	-	-	-	159 398 055	87 721 777	4 075 873	-	-	91 797 651	67 600 404
Bulk Pipelines	1 062 519 428	2 628 502	-	-	-	1 065 147 930	337 242 485	30 026 208	-	-	367 268 693	697 879 237
Dams	10 018 361	-	-	-	-	10 018 361	3 208 255	193 764	-	-	3 402 020	6 616 342
Meters	11 193 912	-	-	-	-	11 193 912	3 825 804	512 046	-	-	4 337 850	6 856 062
Pumping Stations	93 829 977	-	-	-	-	93 829 977	35 418 667	4 921 492	-	-	40 340 160	53 489 818
Purification Plant	358 655 513	-	-	-	-	358 655 513	143 241 722	14 673 910	-	-	157 915 632	200 739 881
Reservoirs and Tanks	969 642 642	1 269 343	-	-	-	970 911 985	363 868 988	31 694 507	-	-	395 563 495	575 348 490
Spring and Weirs	3 835 416	-	-	-	-	3 835 416	1 386 343	162 948	-	-	1 549 291	2 286 125
Supply and Reticulation	1 570 558 501	4 806 266	1 762 938 085	4 588 171	-	3 342 891 023	623 801 965	32 201 353	-	-	656 003 318	2 686 887 704
	<b>4 899 486 453</b>	<b>9 790 933</b>	<b>1 853 211 724</b>	<b>4 588 171</b>	-	<b>6 767 077 281</b>	<b>2 021 190 902</b>	<b>140 246 370</b>	-	-	<b>2 161 437 271</b>	<b>4 605 640 010</b>
<b>Leased Assets</b>												
Office Equipment	375 105	-	-	-	-	375 105	225 474	75 021	-	-	300 495	74 610
	<b>375 105</b>	-	-	-	-	<b>375 105</b>	<b>225 474</b>	<b>75 021</b>	-	-	<b>300 495</b>	<b>74 610</b>



**APPENDIX B**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Other Assets</b>												
<i>Bins and Containers:</i>												
Household Refuse Bins	36 201	-	-	-	-	36 201	10 845	25 356	-	-	36 201	-
<i>Computer Equipment:</i>												
Computer Hardware	10 996 430	1 560 655	-	-	-	12 557 085	5 963 168	3 661 650	-	-	9 624 818	2 932 267
<i>Emergency Equipment:</i>												
Emergency / Rescue Equipment	469 892	-	-	-	-	469 892	252 208	42 891	-	-	295 099	174 793
Fire Fighting Equipment	172 849	-	-	-	-	172 849	88 600	19 644	-	-	108 244	64 605
Training Equipment	25 438	-	-	-	-	25 438	13 635	4 675	-	-	18 310	7 127
<i>Furniture and Fittings:</i>												
Advertising / Display Boards	193 181	-	-	-	-	193 181	32 330	160 851	-	-	193 181	-
Bookcases and Shelving	177 300	-	-	-	-	177 300	63 622	18 225	-	-	81 847	95 453
Cabinets and Cupboards	2 651 955	286 711	-	-	-	2 938 665	672 225	824 025	-	-	1 496 250	1 442 415
Chairs and Couches	4 857 086	473 050	-	-	-	5 330 136	1 313 155	1 415 046	-	-	2 728 201	2 601 935
Desks and Tables	2 560 865	135 055	-	-	-	2 695 920	640 118	864 356	-	-	1 504 475	1 191 445
Domestic Furniture	534 631	56 000	-	-	-	590 631	131 595	259 165	-	-	390 760	199 871
Other Furniture and Fittings	1 082 908	121 197	-	-	-	1 204 105	417 954	436 197	-	-	854 151	349 954
<i>Motor Vehicles:</i>												
Bakkies (LDV's)	10 816 330	6 918 059	-	-	-	17 734 388	1 921 240	2 212 443	-	-	4 133 683	13 600 705
Farm Vehicles (Tractors, etc)	23 178 043	-	-	-	-	23 178 043	6 371 808	1 942 708	-	-	8 314 516	14 863 527
Motor Cars	5 969 792	1 499 836	-	-	-	7 469 628	706 282	405 039	-	-	1 111 321	6 358 307
Trailers and Accessories	2 422 287	129 860	-	-	-	2 552 146	1 058 262	648 061	-	-	1 706 323	845 823
Trucks	20 092 154	-	-	-	-	20 092 154	4 639 695	4 241 774	-	-	8 881 469	11 210 686
<i>Office Equipment:</i>												
Air Conditioners	2 862 580	199 855	-	-	-	3 062 435	1 109 206	584 492	-	-	1 693 698	1 368 737
Audiovisual Equipment	926 588	204 378	-	-	-	1 130 966	377 718	226 821	-	-	604 538	526 428
Domestic Equipment	742 930	114 753	-	-	-	857 683	286 577	281 364	-	-	567 941	289 742
Laboratory Equipment	702 376	-	-	-	-	702 376	294 000	135 166	-	-	429 165	273 211
Office Machines	965 408	449 106	-	-	-	1 414 514	515 056	208 621	-	-	723 677	690 837
Other Office Equipment	1 070 648	226 410	-	-	-	1 297 058	372 034	427 769	-	-	799 803	497 255

**APPENDIX B**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<i>Plant and Equipment:</i>												
Agricultural / Farm Equipment	3 176 038	-	-	-	-	3 176 038	1 717 125	1 458 914	-	-	3 176 038	-
Compressors, Generators and Alli	1 978 589	785 329	-	-	-	2 763 918	1 060 161	556 705	-	-	1 616 866	1 147 052
Container - Storage	194 507	-	-	-	-	194 507	61 408	133 098	-	-	194 507	-
Earthmoving Equipment	1 184 000	-	-	-	-	1 184 000	365 408	818 592	-	-	1 184 000	-
Lawnmowers	1 713 678	384 339	-	-	-	2 098 018	976 562	779 189	-	-	1 755 751	342 267
Other Plant and Equipment	2 327 752	189 000	-	-	-	2 516 752	1 439 886	646 330	-	-	2 086 216	430 537
Pumps and Plumbing Equipment	418 958	-	-	-	-	418 958	97 284	321 674	-	-	418 958	-
Radio Equipment	2 515 844	-	-	-	-	2 515 844	587 792	965 062	-	-	1 552 853	962 991
Road Construction Equipment	5 900	-	-	-	-	5 900	1 713	4 187	-	-	5 900	-
Security Systems	751 305	156 788	-	-	-	908 093	310 875	247 045	-	-	557 920	350 172
Sport & Recreational Equipment	95 282	-	-	-	-	95 282	47 549	34 077	-	-	81 626	13 656
Workshop Equipment	286 070	5 500	-	-	-	291 570	132 222	127 790	-	-	260 012	31 558
<i>Specialised Vehicles:</i>												
Emergency Vehicles	1 401 666	126 768	-	-	-	1 528 435	283 379	80 661	-	-	364 040	1 164 395
Fire Engines	1 631 224	3 043 523	-	-	-	4 674 747	702 415	194 395	-	-	896 810	3 777 938
Forklift	25 000	-	-	-	-	25 000	7 209	2 399	-	-	9 608	15 392
Graders	1 999 900	-	-	-	-	1 999 900	329 180	145 183	-	-	474 363	1 525 537
Road Construction Machinery	9 472 858	-	-	-	-	9 472 858	2 390 935	382 811	-	-	2 773 746	6 699 111
Tipppers	779 864	-	-	-	-	779 864	126 549	653 315	-	-	779 864	-
Waste Disposal Trucks	309 517	-	-	-	-	309 517	106 211	21 207	-	-	127 419	182 098
	<b>123 775 823</b>	<b>17 066 172</b>	-	-	-	<b>140 841 995</b>	<b>37 995 197</b>	<b>26 618 972</b>	-	-	<b>64 614 169</b>	<b>76 227 826</b>
<b>Total</b>	<b>5 206 321 728</b>	<b>28 518 406</b>	<b>1 853 211 724</b>	<b>4 588 171</b>	-	<b>7 092 640 028</b>	<b>2 101 824 183</b>	<b>170 571 989</b>	-	-	<b>2 272 396 173</b>	<b>4 820 243 856</b>
						0.00						

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Investment Properties</b>												
Land	2 200 000	-	-	-	-	2 200 000	-	-	-	-	-	2 200 000
	<b>2 200 000</b>	-	-	-	-	<b>2 200 000</b>	-	-	-	-	-	<b>2 200 000</b>
						0.00						

**APPENDIX B**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
<b>Intangible Assets</b>	R	R	R	R	R	R	R	R	R	R	R	R
Computer Software	3 188 246	-	-	-	-	3 188 246	1 856 768	376 469	-	-	2 233 237	955 009
Ward Based Database	5 593 790	-	-	-	-	5 593 790	3 814 521	635 173	-	-	4 449 695	1 144 095
	<b>8 782 036</b>	-	-	-	-	<b>8 782 036</b>	<b>5 671 289</b>	<b>1 011 642</b>	-	-	<b>6 682 931</b>	<b>2 099 104</b>
						0.00						

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
<b>Heritage Assets</b>	R	R	R	R	R	R	R	R	R	R	R	R
Public Statues	90 000	-	-	-	-	90 000	-	-	-	-	-	90 000
	<b>90 000</b>	-	-	-	-	<b>90 000</b>	-	-	-	-	-	<b>90 000</b>
						0.00						

**OR TAMBO DISTRICT MUNICIPALITY**  
**ANALYSIS OF BIOLOGICAL ASSETS AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
<b>Trees in Plantation</b>	R	R	R	R	R	R	R	R	R	R	R	R
Trees in Plantation	9 188 500	-	-	918 500	(3 500)	10 103 500	-	-	-	-	-	10 103 500
	<b>9 188 500</b>	-	-	<b>918 500</b>	<b>(3 500)</b>	<b>10 103 500</b>	-	-	-	-	-	<b>10 103 500</b>
<b>Cattle</b>												
Bulls	125 341	-	-	(56 973)	(45 579)	22 789	-	-	-	-	-	22 789
Cows	3 016 733	71 261	-	573 217	(510 707)	3 150 504	-	-	-	-	-	3 150 504
Calves	840 056	162 891	-	220 696	(20 943)	1 202 700	-	-	-	-	-	1 202 700
Heifers	1 466 268	26 904	-	(24 472)	(49 324)	1 419 376	-	-	-	-	-	1 419 376
Steers	-	-	-	89 775	-	89 775	-	-	-	-	-	89 775
	<b>5 448 398</b>	<b>261 057</b>	-	<b>802 242</b>	<b>(626 553)</b>	<b>5 885 144</b>	-	-	-	-	-	<b>5 885 144</b>
	<b>14 636 898</b>	<b>261 057</b>	-	<b>1 720 742</b>	<b>(630 053)</b>	<b>15 988 644</b>	-	-	-	-	-	<b>15 988 644</b>
						0.00						
<b>Total Asset Register</b>	<b>5 232 030 662</b>	<b>28 779 463</b>	<b>1 853 211 724</b>	<b>6 308 913</b>	<b>(630 053)</b>	<b>7 119 700 708</b>	<b>2 107 495 472</b>	<b>171 583 632</b>	-	-	<b>2 279 079 104</b>	<b>4 840 621 604</b>

**APPENDIX C**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	525 098	-	-	-	-	525 098	96 484	331 529	-	-	428 013	97 085
Budget and Treasury Office	299 912 389	18 727 473	-	-	-	318 639 862	78 980 558	27 387 211	-	-	106 367 769	212 272 093
Corporate Services	11 037 028	-	-	-	-	11 037 028	5 701 160	1 033 287	-	-	6 734 447	4 302 582
Community and Social Services	1 901 039	-	-	-	-	1 901 039	257 625	571 412	-	-	829 038	1 072 002
Public Safety	2 489 636	-	-	-	-	2 489 636	609 330	914 892	-	-	1 524 222	965 414
Health	291 982	-	-	-	-	291 982	65 586	73 977	-	-	139 563	152 419
Planning and Development	14 750 089	261 057	-	1 720 742	(630 053)	16 101 835	40 884	60 675	-	-	101 559	16 000 277
Roads and Transport	295 279 101	-	10 759 072	-	-	306 038 172	187 096 442	13 720 273	-	-	200 816 715	105 221 457
Water	4 605 824 073	9 790 933	1 842 452 652	4 588 171	-	6 462 655 829	1 834 636 224	127 486 656	-	-	1 962 122 880	4 500 532 949
Other	20 226	-	-	-	-	20 226	11 179	3 720	-	-	14 898	5 327
<b>Total</b>	<b>5 232 030 662</b>	<b>28 779 463</b>	<b>1 853 211 724</b>	<b>6 308 913</b>	<b>(630 053)</b>	<b>7 119 700 708</b>	<b>2 107 495 472</b>	<b>171 583 632</b>	<b>-</b>	<b>-</b>	<b>2 279 079 104</b>	<b>4 840 621 604</b>

**APPENDIX D**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

2015 Actual Income	2015 Budgeted Income	2015 Actual Expenditure	2015 Budgeted Expenditure	2015 Surplus/ (Deficit)	Description	2016 Actual Income	2016 Budgeted Income	2016 Actual Expenditure	2016 Budgeted Expenditure	2016 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					<b>Municipal Governance and Administration</b>					
2 719 796	120 951 118	113 506 214	118 179 576	(110 786 417)	Executive and Council	5 610 304	151 015 354	143 569 338	157 459 962	(137 959 033)
872 912 780	97 802 629	178 503 129	89 658 503	694 409 651	Budget and Treasury Office	991 861 538	134 895 254	123 857 876	111 914 752	868 003 662
42 400	77 180 314	84 105 433	75 316 320	(84 063 033)	Corporate Services	607 151	84 861 371	83 578 921	82 654 492	(82 971 770)
					<b>Community and Public Safety</b>					
2 758 210	7 014 497	15 183 494	10 343 979	(12 425 284)	Community and Social Services	-	10 531 008	11 434 466	10 881 007	(11 434 466)
-	28 430 989	23 864 226	19 380 992	(23 864 226)	Public Safety	-	38 843 967	23 754 377	22 058 088	(23 754 377)
-	3 178 287	2 513 102	3 178 288	(2 513 102)	Sport and Recreation	-	3 896 537	4 108 650	4 146 537	(4 108 650)
-	9 661 899	7 200 495	7 238 740	(7 200 495)	<b>Housing</b>	-	10 383 870	8 086 338	10 138 869	(8 086 338)
4 352 188	5 314 930	3 413 773	4 314 931	938 415	<b>Health</b>	3 239 935	7 071 324	4 728 343	6 614 466	(1 488 408)
					<b>Economic and Environmental Services</b>					
2 546 140	17 558 727	17 021 312	17 699 685	(14 475 172)	Environmental Protection	-	18 601 650	22 070 148	18 022 672	(22 070 148)
13 005 305	72 814 589	79 034 313	67 128 081	(66 029 008)	Planning and Development	6 612 607	65 751 213	56 365 389	62 025 682	(49 752 782)
2 362 755	16 227 820	5 532 602	13 606 621	(3 169 847)	Roads and Transport	2 338 066	62 102 311	30 925 677	39 537 667	(28 587 611)
					<b>Trading Services</b>					
617 847 591	1 458 034 163	773 715 800	682 293 332	(155 868 209)	Water	661 837 153	1 909 139 039	755 164 839	1 107 706 510	(93 327 685)
-	2 096 794	1 754 330	1 896 794	(1 754 330)	Other	-	2 234 212	2 187 188	2 034 212	(2 187 188)
<b>1 518 547 165</b>	<b>1 916 266 756</b>	<b>1 305 348 223</b>	<b>1 110 235 842</b>	<b>213 198 942</b>	Sub-Total	<b>1 672 106 755</b>	<b>2 499 327 110</b>	<b>1 269 831 550</b>	<b>1 635 194 916</b>	<b>402 275 204</b>
<b>1 518 547 165</b>	<b>1 916 266 756</b>	<b>1 305 348 223</b>	<b>1 110 235 842</b>	<b>213 198 942</b>	Total	<b>1 672 106 755</b>	<b>2 499 327 110</b>	<b>1 269 831 550</b>	<b>1 635 194 916</b>	<b>402 275 204</b>

**APPENDIX E(1)  
OR TAMBO DISTRICT MUNICIPALITY**

**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16										2014/15				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE - STANDARD</b>															
<b>Governance and Administration:</b>															
Executive and Council	122 398 816	28 616 538	151 015 354	-	-	151 015 354	5 610 304	-	(145 405 050)	3.72	4.58				2 719 796
Budget and Treasury Office	129 187 587	5 707 667	134 895 254	-	-	134 895 254	991 861 538	-	856 966 284	735.28	767.77				872 912 780
Corporate Services	85 321 525	(460 154)	84 861 371	-	-	84 861 371	607 151	-	(84 254 220)	0.72	0.71				42 400
<b>Community and Public Safety:</b>															
Community and Social Services	10 647 968	(116 960)	10 531 008	-	-	10 531 008	-	-	(10 531 008)	0.00	0.00				2 758 210
Sport and Recreation	3 614 991	281 546	3 896 537	-	-	3 896 537	-	-	(3 896 537)	0.00	0.00				-
Public Safety	34 927 874	3 916 093	38 843 967	-	-	38 843 967	-	-	(38 843 967)	0.00	0.00				-
Housing	9 498 233	885 637	10 383 870	-	-	10 383 870	-	-	(10 383 870)	0.00	0.00				-
Health	7 057 873	13 451	7 071 324	-	-	7 071 324	3 239 935	-	(3 831 389)	45.82	45.91				4 352 188
<b>Economic and Environmental Services:</b>															
Planning and Development	62 347 470	3 403 743	65 751 213	-	-	65 751 213	6 612 607	-	(59 138 606)	10.06	10.61				13 005 305
Road Transport	4 438 596	57 663 715	62 102 311	-	-	62 102 311	2 338 066	-	(59 764 245)	3.76	52.68				2 362 755
Environmental Protection	20 848 024	(2 246 374)	18 601 650	-	-	18 601 650	-	-	(18 601 650)	0.00	0.00				2 546 140
<b>Trading Services:</b>															
Water	1 880 370 719	24 658 305	1 905 029 024	-	4 110 015	1 909 139 039	661 837 153	-	(1 247 301 886)	34.67	35.20				617 847 591
<b>Other:</b>															
Tourism	1 975 387	258 825	2 234 212	-	-	2 234 212	-	-	(2 234 212)	0.00	0.00				-
<b>Total Revenue - Standard</b>	<b>2 372 635 063</b>	<b>122 582 032</b>	<b>2 495 217 095</b>	<b>-</b>	<b>4 110 015</b>	<b>2 499 327 110</b>	<b>1 672 106 755</b>	<b>-</b>	<b>(827 220 355)</b>	<b>66.90</b>	<b>70.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 518 547 165</b>
<b>EXPENDITURE - STANDARD</b>															
<b>Governance and Administration:</b>															
Executive and Council	121 398 813	34 453 337	155 852 150	-	1 607 812	157 459 962	143 569 338	-	(13 890 625)	91.18	118.26				113 506 214
Budget and Treasury Office	102 807 089	9 007 663	111 814 752	-	100 000	111 914 752	123 857 876	-	11 943 124	110.67	120.48				178 503 129
Corporate Services	82 571 526	82 966	82 654 492	-	-	82 654 492	83 578 921	-	924 429	101.12	101.22				84 105 433
<b>Community and Public Safety:</b>															
Community and Social Services	10 647 968	(116 961)	10 531 007	-	350 000	10 881 007	11 434 466	-	553 459	105.09	107.39				15 183 494
Sport and Recreation	3 614 990	281 547	3 896 537	-	250 000	4 146 537	4 108 650	-	(37 887)	99.09	113.66				2 513 102
Public Safety	21 027 873	1 430 215	22 458 088	-	(400 000)	22 058 088	23 754 377	-	1 696 289	107.69	112.97				23 864 226
Housing	7 728 235	2 410 634	10 138 869	-	-	10 138 869	8 086 338	-	(2 052 531)	79.76	104.63				7 200 495
Health	5 857 873	(293 407)	5 564 466	-	1 050 000	6 614 466	4 728 343	-	(1 886 123)	71.48	80.72				3 413 773
<b>Economic and Environmental Services:</b>															
Planning and Development	58 247 473	4 212 209	62 459 682	-	(434 000)	62 025 682	56 365 389	-	(5 660 293)	90.87	96.77				79 034 313
Road Transport	16 555 992	22 981 675	39 537 667	-	-	39 537 667	30 925 677	-	(8 611 990)	78.22	186.79				5 532 602
Environmental Protection	20 848 024	(2 245 352)	18 602 672	-	(580 000)	18 022 672	22 070 148	-	4 047 476	122.46	105.86				17 021 312
<b>Trading Services:</b>															
Water	1 067 494 517	35 479 795	1 102 974 312	-	4 732 198	1 107 706 510	755 164 839	-	(352 541 671)	68.17	70.74				773 715 800
<b>Other:</b>															
Tourism	1 775 388	258 824	2 034 212	-	-	2 034 212	2 187 188	-	152 976	107.52	123.19				1 754 330
<b>Total Expenditure - Standard</b>	<b>1 520 575 761</b>	<b>107 943 145</b>	<b>1 628 518 906</b>	<b>-</b>	<b>6 676 010</b>	<b>1 635 194 916</b>	<b>1 269 831 550</b>	<b>-</b>	<b>(365 363 366)</b>	<b>77.66</b>	<b>83.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 305 348 223</b>
<b>Surplus/(Deficit) for the year</b>	<b>852 059 302</b>	<b>14 638 887</b>	<b>866 698 189</b>	<b>-</b>	<b>(2 565 995)</b>	<b>864 132 194</b>	<b>402 275 204</b>	<b>-</b>	<b>(461 856 990)</b>	<b>46.55</b>	<b>47.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213 198 942</b>



**APPENDIX E (2)  
OR TAMBO DISTRICT MUNICIPALITY**

**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16									2014/15					
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE BY VOTE</b>															
Vote 1 - Council and Committees	117 108 120	26 971 307	144 079 427	-	-	144 079 427	5 610 304	-	(138 469 123)	3.89	4.79				2 719 796
Vote 2 - Finance and Administration	174 244 597	24 336 457	198 581 054	-	-	198 581 054	992 468 689	-	793 887 635	499.78	569.58				872 955 180
Vote 3 - Planning and Development	25 770 324	(1 270 257)	24 500 067	-	-	24 500 067	6 612 607	-	(17 887 460)	26.99	25.66				13 005 305
Vote 4 - Health	7 057 873	13 451	7 071 324	-	-	7 071 324	3 239 935	-	(3 831 389)	45.82	45.91				4 352 188
Vote 5 - Community and Social Services	10 647 968	(116 960)	10 531 008	-	-	10 531 008	-	-	(10 531 008)	0.00	0.00				2 758 210
Vote 6 - Housing	9 498 233	885 637	10 383 870	-	-	10 383 870	-	-	(10 383 870)	0.00	0.00				-
Vote 7 - Public Safety	34 927 874	3 916 093	38 843 967	-	-	38 843 967	-	-	(38 843 967)	0.00	0.00				-
Vote 8 - Sport and Recreation	3 614 991	281 546	3 896 537	-	-	3 896 537	-	-	(3 896 537)	0.00	0.00				-
Vote 9 - Environmental Protection	20 848 024	(2 246 374)	18 601 650	-	-	18 601 650	-	-	(18 601 650)	0.00	0.00				2 546 140
Vote 10 Road Transport	4 438 596	57 663 715	62 102 311	-	-	62 102 311	2 338 066	-	(59 764 245)	3.76	52.68				2 362 755
Vote 11 Water	1 925 925 930	7 214 592	1 933 140 522	-	4 110 015	1 937 250 537	661 837 153	-	(1 275 413 384)	34.16	34.36				617 847 591
Vote 12 Other Functions	38 552 533	4 932 825	43 485 358	-	-	43 485 358	-	-	(43 485 358)	0.00	0.00				-
<b>Total Revenue by Vote</b>	<b>2 372 635 063</b>	<b>122 582 032</b>	<b>2 495 217 095</b>	<b>-</b>	<b>4 110 015</b>	<b>2 499 327 110</b>	<b>1 672 106 755</b>	<b>-</b>	<b>(827 220 355)</b>	<b>66.90</b>	<b>70.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 518 547 165</b>
<b>EXPENDITURE BY VOTE</b>															
Vote 1 - Council and Committees	116 108 116	32 803 107	148 911 223	-	362 206	149 273 429	135 587 113	-	(13 686 316)	90.83	116.78				108 838 052
Vote 2 - Finance and Administration	165 114 099	18 184 574	183 298 673	-	1 245 606	184 544 279	195 227 909	-	10 683 630	105.79	118.24				255 398 600
Vote 3 - Planning and Development	21 670 327	(461 791)	21 208 536	-	(434 000)	20 774 536	20 082 907	-	(691 629)	96.67	92.67				40 589 448
Vote 4 - Health	5 857 873	(293 407)	5 564 466	-	1 050 000	6 614 466	4 728 343	-	(1 886 123)	71.48	80.72				3 413 773
Vote 5 - Community and Social Services	10 647 968	(116 961)	10 531 007	-	350 000	10 881 007	11 434 466	-	553 459	105.09	107.39				15 183 494
Vote 6 - Housing	7 728 235	2 410 634	10 138 869	-	-	10 138 869	8 086 338	-	(2 052 531)	79.76	104.63				7 200 495
Vote 7 - Public Safety	21 027 873	1 430 215	22 458 088	-	(400 000)	22 058 088	23 754 377	-	1 696 289	107.69	112.97				23 864 226
Vote 8 - Sport and Recreation	3 614 990	281 547	3 896 537	-	250 000	4 146 537	4 108 650	-	(37 887)	99.09	113.66				2 513 102
Vote 9 - Environmental Protection	20 848 024	(2 245 352)	18 602 672	-	(580 000)	18 022 672	22 070 148	-	4 047 476	122.46	105.86				17 021 312
Vote 10 Road Transport	16 555 992	22 981 675	39 537 667	-	-	39 537 667	30 925 677	-	(8 611 990)	78.22	186.79				5 532 602
Vote 11 Water	1 093 049 730	28 036 080	1 121 085 810	-	4 832 198	1 125 918 008	775 355 952	-	(350 562 056)	68.86	70.94				785 593 923
Vote 12 Other Functions	38 352 534	4 932 824	43 285 358	-	-	43 285 358	38 469 671	-	(4 815 687)	88.87	100.31				40 199 195
<b>Total Expenditure by Vote</b>	<b>1 520 575 761</b>	<b>107 943 145</b>	<b>1 628 518 906</b>	<b>-</b>	<b>6 676 010</b>	<b>1 635 194 916</b>	<b>1 269 831 550</b>	<b>-</b>	<b>(365 363 366)</b>	<b>77.66</b>	<b>83.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 305 348 223</b>
<b>Surplus/(Deficit) for the year</b>	<b>852 059 302</b>	<b>14 638 887</b>	<b>866 698 189</b>	<b>-</b>	<b>(2 565 995)</b>	<b>864 132 194</b>	<b>402 275 204</b>	<b>-</b>	<b>(461 856 990)</b>	<b>46.55</b>	<b>47.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213 198 942</b>

**APPENDIX E (3)**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16									2014/15					
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Revenue by Source</b>															
Rental of Facilities and Equipment	50 000	-	50 000	-	-	50 000	24 334	-	(25 666)	48.67	48.67	-	-	-	29 705
Interest Earned - External Investments	22 000 000	2 000 000	24 000 000	-	-	24 000 000	32 992 639	-	8 992 639	137.47	149.97	-	-	-	17 412 805
Interest Earned - Outstanding Debtors	15 460 000	-	15 460 000	-	-	15 460 000	42 029 128	-	26 569 128	271.86	271.86	-	-	-	33 621 598
Agency Services	-	-	-	-	-	-	87 741	-	87 741	0.00	0.00	-	-	-	87 160
Transfers Recognised - Operational	1 135 294 454	(176 896 179)	958 398 275	-	4 110 015	962 508 290	784 754 880	-	(177 753 410)	81.53	69.12	-	-	-	1 196 042 525
Other Revenue	215 766 868	85 771 637	301 538 505	-	-	301 538 505	97 609 653	-	(203 928 852)	32.37	45.24	-	-	-	82 738 426
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
<b>Total Revenue (excluding Capital Transfers &amp; Contributions)</b>	<b>2 137 139 912</b>	<b>(74 124 542)</b>	<b>2 063 015 370</b>	<b>-</b>	<b>4 110 015</b>	<b>2 067 125 385</b>	<b>1 152 844 539</b>	<b>-</b>	<b>(914 280 846)</b>	<b>55.77</b>	<b>53.94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 518 547 165</b>
<b>Expenditure</b>															
Employee Related Costs	365 930 790	11 217 219	377 148 009	-	(400 000)	376 748 009	367 396 682	-	(9 351 327)	97.52	100.40	-	-	-	345 314 924
Remuneration of Councillors	258 464	-	258 464	-	-	258 464	16 881 815	16 623 351	16 623 351	6 531.59	6 531.59	-	-	-	16 457 660
Debt Impairment	48 500 000	(2 000 000)	46 500 000	-	-	46 500 000	88 706 598	42 206 598	42 206 598	190.77	182.90	-	-	-	64 909 869
Depreciation and Asset Impairment	165 500 000	-	165 500 000	-	-	165 500 000	171 583 632	6 083 632	6 083 632	103.68	103.68	-	-	-	241 279 571
Finance Charges	-	600 000	600 000	-	-	600 000	389 463	-	(210 537)	64.91	0.00	-	-	-	1 864 857
Bulk Purchases	50 000 000	-	50 000 000	-	-	50 000 000	43 684 750	-	(6 315 250)	87.37	87.37	-	-	-	39 261 927
Other Materials	78 094 678	13 330 576	91 425 254	-	(7 800 000)	83 625 254	99 757 607	16 132 353	16 132 353	119.29	127.74	-	-	-	36 698 499
Contracted Services	37 212 500	1 037 500	38 250 000	-	(4 180 000)	34 070 000	28 420 558	-	(5 649 442)	83.42	76.37	-	-	-	21 717 546
Transfers and Grants	600 679 146	26 455 600	627 134 746	-	1 574 928	628 709 674	71 823 198	-	(556 886 476)	11.42	11.96	-	-	-	52 385 596
Other Expenditure	174 400 183	57 302 250	231 702 433	-	17 481 082	249 183 515	381 187 247	132 003 732	132 003 732	152.97	218.57	-	-	-	485 457 775
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
<b>Total Expenditure</b>	<b>1 520 575 761</b>	<b>107 943 145</b>	<b>1 628 518 906</b>	<b>-</b>	<b>6 676 010</b>	<b>1 635 194 916</b>	<b>1 269 831 550</b>	<b>213 049 666</b>	<b>(365 363 366)</b>	<b>77.66</b>	<b>83.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 305 348 223</b>
<b>Surplus/(Deficit)</b>	<b>616 564 151</b>	<b>(182 067 687)</b>	<b>434 496 464</b>	<b>-</b>	<b>(2 565 995)</b>	<b>431 930 469</b>	<b>(116 987 012)</b>	<b>(213 049 666)</b>	<b>(548 917 481)</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213 198 942</b>
Transfers Recognised - Capital	235 495 151	196 706 574	432 201 725	-	-	432 201 725	519 262 216	87 060 491	87 060 491	120.14	220.50	-	-	-	-
<b>Surplus/(Deficit) for the Year</b>	<b>852 059 302</b>	<b>14 638 887</b>	<b>866 698 189</b>	<b>-</b>	<b>(2 565 995)</b>	<b>864 132 194</b>	<b>402 275 204</b>	<b>(125 989 175)</b>	<b>(461 856 990)</b>	<b>46.55</b>	<b>47.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213 198 942</b>



**APPENDIX E(4)**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16										2014/15				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE - VOTE</b>															
<b>Multi-year Expenditure</b>															
<b>Total Capital Expenditure - Multi-year</b>	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
<b>Single-year Expenditure</b>															
Vote 1 - Council and Committees	1 000 000	-	1 000 000	-	-	1 000 000	-	-	(1 000 000)	0.00	0.00	-	-	-	-
Vote 2 - Finance and Administration	27 630 500	(2 700 000)	24 930 500	-	-	24 930 500	18 727 473	-	(6 203 027)	75.12	67.78	-	-	-	11 092 398
Vote 3 - Planning and Development	4 190 000	(140 000)	4 050 000	-	-	4 050 000	261 057	-	(3 788 943)	6.45	6.23	-	-	-	751 344
Vote 4 - Health	1 200 000	100 000	1 300 000	-	-	1 300 000	-	-	(1 300 000)	0.00	0.00	-	-	-	-
Vote 5 - Community and Social Services	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Vote 6 - Housing	1 770 000	(1 500 000)	270 000	-	-	270 000	-	-	(270 000)	0.00	0.00	-	-	-	-
Vote 7 - Public Safety	13 000 000	1 481 336	14 481 336	-	-	14 481 336	-	-	(14 481 336)	0.00	0.00	-	-	-	-
Vote 8 - Sport and Recreation	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Vote 9 - Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Vote 10 - Road Transport	15 693 000	(3 000 000)	12 693 000	-	-	12 693 000	-	-	(12 693 000)	0.00	0.00	-	-	-	-
Vote 11 - Water	812 876 200	(12 421 177)	800 455 023	-	-	800 455 023	566 823 713	-	(233 631 310)	70.81	69.73	-	-	-	422 376 291
Vote 12 - Other Functions	200 000	(200 000)	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
<b>Total Capital Expenditure - Single-year</b>	<b>877 559 700</b>	<b>(18 379 841)</b>	<b>859 179 859</b>	-	-	<b>859 179 859</b>	<b>585 812 243</b>	-	<b>(273 367 616)</b>	<b>68.18</b>	<b>66.75</b>	-	-	-	<b>434 220 033</b>
<b>Total Capital Expenditure - Vote</b>	<b>877 559 700</b>	<b>(18 379 841)</b>	<b>859 179 859</b>	-	-	<b>859 179 859</b>	<b>585 812 243</b>	-	<b>(273 367 616)</b>	<b>68.18</b>	<b>66.75</b>	-	-	-	<b>434 220 033</b>
<b>CAPITAL EXPENDITURE - STANDARD</b>															
<b>Governance and Administration:</b>															
Executive and Council	1 000 000	-	1 000 000	-	-	1 000 000	-	-	(1 000 000)	0.00	0.00	-	-	-	-
Budget and Treasury Office	24 880 500	(1 800 000)	23 080 500	-	-	23 080 500	18 727 473	-	(4 353 027)	81.14	75.27	-	-	-	11 092 398
Corporate Services	2 750 000	(900 000)	1 850 000	-	-	1 850 000	-	-	(1 850 000)	0.00	0.00	-	-	-	-
<b>Community and Public Safety:</b>															
Community and Social Services	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Public Safety	13 000 000	1 481 336	14 481 336	-	-	14 481 336	-	-	(14 481 336)	0.00	0.00	-	-	-	-
Housing	1 770 000	(1 500 000)	270 000	-	-	270 000	-	-	(270 000)	0.00	0.00	-	-	-	-
Health	1 200 000	100 000	1 300 000	-	-	1 300 000	-	-	(1 300 000)	0.00	0.00	-	-	-	-
<b>Economic and Environmental Services:</b>															
Planning and Development	4 190 000	(140 000)	4 050 000	-	-	4 050 000	261 057	-	(3 788 943)	6.45	6.23	-	-	-	751 344
Road Transport	15 693 000	(3 000 000)	12 693 000	-	-	12 693 000	-	-	(12 693 000)	0.00	0.00	-	-	-	-
<b>Trading Services:</b>															
Water	812 876 200	(12 421 177)	800 455 023	-	-	800 455 023	566 823 713	-	(233 631 310)	70.81	69.73	-	-	-	422 376 291
<b>Other:</b>															
Tourism	200 000	(200 000)	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>877 559 700</b>	<b>(18 379 841)</b>	<b>859 179 859</b>	-	-	<b>859 179 859</b>	<b>585 812 243</b>	-	<b>(273 367 616)</b>	<b>68.18</b>	<b>66.75</b>	-	-	-	<b>434 220 033</b>
<b>FUNDED BY:</b>															
National Government	756 226 500	(2 035 500)	754 191 000	-	-	754 191 000	557 032 780	-	(197 158 220)	73.86	73.66	-	-	-	413 381 706
Provincial Government	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Other Transfers and Grants	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
<b>Transfers Recognised - Capital</b>	<b>756 226 500</b>	<b>(2 035 500)</b>	<b>754 191 000</b>	-	-	<b>754 191 000</b>	<b>557 032 780</b>	-	<b>(197 158 220)</b>	<b>73.86</b>	<b>73.66</b>	-	-	-	<b>413 381 706</b>
Public Contributions & Donations	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Internally Generated Funds	121 333 200	(16 344 341)	104 988 859	-	-	104 988 859	28 779 463	-	(76 209 396)	27.41	23.72	-	-	-	7 952 322
<b>Total Capital Funding</b>	<b>877 559 700</b>	<b>(18 379 841)</b>	<b>859 179 859</b>	-	-	<b>859 179 859</b>	<b>585 812 243</b>	-	<b>(273 367 616)</b>	<b>68.18</b>	<b>66.75</b>	-	-	-	<b>421 334 028</b>

**APPENDIX E(5)**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16							2014/15	
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	R	R	R	R	R	R	R	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and Other	261 480 258	87 738 216	349 218 474	349 218 474	213 974 195	(135 244 279)	61.27	81.83	307 553 057
Government - Operating	1 150 104 849	(187 238 974)	962 865 875	962 865 875	780 408 542				738 028 480
Government - Capital	235 495 151	196 706 574	432 201 725	432 201 725	519 262 216	87 060 491	120.14	220.50	433 938 371
Interest	37 460 000	2 000 000	39 460 000	39 460 000	50 274 777	10 814 777	127.41	134.21	23 927 532
<b>Payments</b>									
Suppliers and Employees	(160 634 612)	(78 685 717)	(239 320 329)	(237 745 401)	(875 319 990)	(637 574 589)	0.00	0.00	(913 079 997)
Finance Charges	-	-	-	-	(389 463)	(389 463)	0.00	0.00	(1 864 857)
Transfers and Grants	(600 679 146)	(26 455 600)	(627 134 746)	(628 709 674)	(71 823 198)	556 886 476	0.00	0.00	(52 385 596)
<b>NET CASH FROM / (USED) OPERATING ACTIVITIES</b>	<b>923 226 500</b>	<b>(5 935 501)</b>	<b>917 290 999</b>	<b>917 290 999</b>	<b>616 387 079</b>	<b>(118 446 587)</b>	<b>67.20</b>	<b>66.76</b>	<b>536 116 990</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on Disposal of PPE	121 243 200	(16 254 341)	104 988 859	104 988 859	626 553	(104 362 306)	0.60	0.52	653 315
Decrease / (Increase) in Non-current Debtors	-	-	-	-	(900 843)	(900 843)	0.00	0.00	(179 522)
<b>Payments</b>									
Capital Assets	(877 469 700)	18 289 841	(859 179 859)	(859 179 859)	(585 812 243)	273 367 616	0.00	0.00	(434 220 033)
<b>NET CASH FROM / (USED) INVESTING ACTIVITIES</b>	<b>(756 226 500)</b>	<b>2 035 500</b>	<b>(754 191 000)</b>	<b>(754 191 000)</b>	<b>(586 086 533)</b>	<b>168 104 467</b>	<b>0.00</b>	<b>0.00</b>	<b>(433 746 241)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
New Loans raised	-	-	-	-	-	-	0.00	0.00	-
<b>Payments</b>									
Loans repaid	-	-	-	-	(84 423)	(84 423)	0.00	0.00	(663 503)
<b>NET CASH FROM / (USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(84 423)</b>	<b>(84 423)</b>	<b>0.00</b>	<b>0.00</b>	<b>(663 503)</b>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>(167 000 000)</b>	<b>3 900 001</b>	<b>(163 099 999)</b>	<b>(163 099 999)</b>	<b>(30 216 123)</b>	<b>132 883 876</b>	<b>0.00</b>	<b>0.00</b>	<b>(101 707 246)</b>
Cash / Cash Equivalents at the Year begin:	401 815 122	(73 965 003)	327 850 119	327 850 119	306 651 625	(21 198 494)	93.53	76.32	204 944 379
Cash / Cash Equivalents at the Year-end:	568 815 122	(77 865 004)	490 950 118	490 950 118	336 867 748	(154 082 370)	68.62	59.22	306 651 625

**APPENDIX F**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

**Grants and Subsidies Received**

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
Equitable Share	Nat Treasury	259 251 000	155 550 000	207 400 000	0	124 440 200	167 994 270	211 548 340	118 218 190	N/A	N/A	N/A	N/A	N/A	Yes	N/A
FMG	Nat Treasury	1 575 000	0	0	0	107 486	230 765	600 784	635 965	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIGProjects	COGTA	153 112 000	186 074 000	278 009 000	0	99 919 535	172 236 923	72 856 957	272 181 585	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	COGTA	940 000	0	0	0	210 754	295 978	0	433 268	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MWIG	DWA	31 076 000	62 151 000	31 076 000	0	7 196 961	12 747 061	5 904 618	98 454 360	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WSOG	DWA	2 500 000	5 000 000	2 500 000	0	0	2 876 258	4 974 435	2 149 307	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EPWP Incentive Grant	Public Works	2 677 000	2 008 000	2 008 000	0	915 656	2 139 998	1 222 724	2 414 622	N/A	N/A	N/A	N/A	N/A	Yes	N/A
RRAM Grant	Transport	2 693 000	0	0	0	0	172 086	0	1 853 373	N/A	N/A	N/A	N/A	N/A	Yes	N/A
<b>Total Grants and Subsidies Received</b>		<b>453 824 000</b>	<b>410 783 000</b>	<b>520 993 000</b>	<b>0</b>	<b>232 790 592</b>	<b>358 693 339</b>	<b>297 107 858</b>	<b>496 340 670</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																

**APPENDIX G  
OR TAMBO DISTRICT MUNICIPALITY  
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2016

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Executive Mayor</b>												
Meth N. (Ms)	-	697 442	-	245 338	32 077	-	-	-	-	-	-	974 857
<b>Deputy Mayor</b>												
Sabisa T.	-	557 953	-	200 444	36 838	-	-	-	-	-	-	795 235
<b>Speaker</b>												
Nogumla R.Z.	-	557 953	-	200 444	36 838	-	-	-	-	-	-	795 235
<b>Chief Whip</b>												
Sabona N.J.	-	523 081	-	189 221	34 610	-	-	-	-	-	107 943	854 853
<b>Mayoral Committee</b>												
Capa N.Y. (Ms)	-	67 956	-	19 290	2 237	-	-	-	-	-	-	89 483
Dambuza M.B.	-	350 103	-	112 849	22 192	-	-	-	-	-	64 418	549 561
Dyule N.W. (Ms)	-	523 081	-	189 221	34 610	-	-	-	-	-	59 555	806 466
Mambila L.N.	-	523 081	-	189 221	34 610	-	-	-	-	-	42 727	789 637
Mgugudo N.O. (Ms)	-	421 632	-	141 045	25 864	-	-	-	-	-	113 316	701 857
Mlamli S.	-	343 475	-	110 722	21 738	-	-	-	-	-	239 089	715 024
Ngozi W.	-	523 081	-	189 221	34 610	-	-	-	-	-	-	746 911
Pepping P.N. (Ms)	-	523 081	-	189 221	34 610	-	-	-	-	-	50 685	797 596
Socikwa M.C.	-	350 103	-	112 849	22 192	-	-	-	-	-	121 626	606 770
<b>Chairpersons (Section 79)</b>												
Dudumayo B.R.	-	488 210	-	177 997	32 381	-	-	-	-	-	26 213	724 801
Gantsho	-	123 410	-	46 689	3 388	-	-	-	-	-	17 650	191 138
Nkani B.J. (Ms)	-	488 210	-	177 997	32 381	-	-	-	-	-	44 675	743 263
Ntobongwana N. (Ms)	-	283 037	-	105 584	18 743	-	-	-	-	-	11 429	418 793
Ntshuba V.W.	-	515 817	-	188 802	34 397	-	-	-	-	-	38 706	777 721
Soguntuza N. (Ms)	-	488 210	-	177 997	32 381	-	-	-	-	-	33 679	732 267
<b>Other Councillors</b>												
Budu S.	-	30 773	-	9 874	-	-	-	-	-	-	3 600	44 247
Bunzana M.	-	30 773	-	9 874	-	-	-	-	-	-	4 200	44 847
Capa N.Y. (Ms)	-	31 109	-	10 059	-	-	-	-	-	-	97 985	139 153
Cwecwe N.N. (Ms)	-	37 401	-	12 001	-	-	-	-	-	-	77 544	126 945
Dawedi A.M.	-	37 401	-	12 001	-	-	-	-	-	-	27 935	77 337
Dlani X.H. (Ms)	-	37 401	-	12 001	-	-	-	-	-	-	42 567	91 969
Dumisa V.	-	14 180	-	4 377	-	-	-	-	-	-	20 734	39 291
Gogo M.	-	37 401	-	12 001	-	-	-	-	-	-	87 690	137 092
Gwadiso V.O.	-	30 773	-	9 874	-	-	-	-	-	-	39 490	80 137
Hibhane Z.	-	97 009	-	31 128	-	-	-	-	-	-	1 320	129 457
Khuphelo T.E.	-	37 401	-	11 939	-	-	-	-	-	-	16 972	66 312
Kotana M.P.J.	-	46 696	-	-	-	-	-	-	-	-	94 329	141 025
Kwaza M.S.	-	30 773	-	-	-	-	-	-	-	-	5 040	35 813
Magaya F.A.	-	36 352	-	12 001	-	-	-	-	-	-	54 569	102 923
Makhedama M.	-	269 987	-	107 499	18 369	-	-	-	-	-	65 327	461 181
Mamve N.N. (Ms)	-	210 378	-	88 395	-	-	-	-	-	-	-	298 773
Mandita K.	-	210 378	-	88 373	-	-	-	-	-	-	73 423	372 174
Maqabuka Z.V.	-	30 773	-	9 874	-	-	-	-	-	-	19 228	59 875
Matomane R.N. (Ms)	-	37 401	-	12 001	-	-	-	-	-	-	8 520	57 922
Mbangatha S.	-	8 469	-	2 614	-	-	-	-	-	-	2 400	13 483
Mbede B.	-	269 987	-	107 499	10 847	-	-	-	-	-	67 308	455 641

**APPENDIX G**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2016

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Mbotshwa N. (Ms)	-	48 410	-	15 534	-	-	-	-	-	-	3 360	67 304
Mkrokrelwa M.	-	37 401	-	12 001	-	-	-	-	-	-	34 412	83 814
Mnyanda V.	-	37 401	-	12 001	-	-	-	-	-	-	26 015	75 417
Mpemnyama N.	-	30 773	-	9 874	-	-	-	-	-	-	3 120	43 767
Mvamveki R.N.	-	37 401	-	12 001	-	-	-	-	-	-	4 560	53 962
Mziba L. (Ms)	-	97 009	-	31 128	-	-	-	-	-	-	39 787	167 924
Mzimane N.F.	-	30 773	-	9 874	-	-	-	-	-	-	34 988	75 635
Ndlobongela B.	-	30 773	-	9 874	-	-	-	-	-	-	66 988	107 635
Ndude L.M.	-	210 378	-	88 373	-	-	-	-	-	-	27 638	326 389
Ndzwayiba M.W.	-	210 378	-	88 373	-	-	-	-	-	-	-	298 751
Ngabayena M.	-	30 773	-	9 874	-	-	-	-	-	-	62 559	103 206
Njemla S.N.	-	269 987	-	107 499	-	-	-	-	-	-	1 800	379 286
Nkungu M.I.	-	97 009	-	31 128	-	-	-	-	-	-	141 806	269 943
Ntshoyi N.P. (Ms)	-	37 401	-	12 001	-	-	-	-	-	-	5 880	55 282
Nyoka M.	-	30 773	-	9 874	-	-	-	-	-	-	44 381	85 028
Ruleni S.A.	-	24 817	-	8 117	-	-	-	-	-	-	-	32 935
Sigcau M.	-	356 618	-	20 868	-	-	-	-	-	-	6 360	383 846
Sikhonkotela N.	-	30 773	-	9 874	-	-	-	-	-	-	4 200	44 847
Thwatshuka D.	-	37 401	-	12 001	-	-	-	-	-	-	46 362	95 764
Xangayi C.T.	-	210 378	-	88 373	-	-	-	-	-	-	62 729	361 480
Zweni R.M.	-	48 410	-	15 534	-	-	-	-	-	-	4 680	68 624
<b>Total for Councillors</b>	-	11 866 767	-	4 141 709	555 910	-	-	-	-	-	2 403 515	18 967 902
<b>Municipal Manager</b>												
Hlazo O.N.	-	339 127	-	120 000	-	-	-	-	-	-	33 606	492 732
Dunywa P.A.X. (Acting)	-	-	-	-	-	-	-	-	-	-	114 374	114 374
<b>Chief Financial Officer</b>												
Moleko M.E.	-	1 005 739	-	450 089	41 140	-	-	-	-	-	41 140	1 538 108
<b>Director: Chief of Staff</b>												
Nogwanya S.	-	1 026 572	79 866	240 000	36 057	67 056	-	-	-	-	134 313	1 583 864
<b>Director: Community and Social Affairs</b>												
Somana N.T.	-	1 139 585	85 230	240 000	39 067	-	-	-	-	-	10 711	1 514 593
<b>Director: Human Resources</b>												
Mpako F.	-	275 140	-	-	8 419	-	-	-	-	-	-	283 559
<b>Director: Human Settlement</b>												
Mnyanda N. (Acting)	-	-	-	-	-	-	-	-	-	-	165 694	165 694
<b>Director: Internal Audit</b>												
Sotshede V.	-	997 280	-	265 000	-	-	-	-	-	-	59 742	1 322 022
<b>Director: Office of the Executive Mayor</b>												
Mbatani B.N.	-	1 076 379	95 190	120 000	36 274	-	-	-	-	-	97 680	1 425 523

**APPENDIX G  
OR TAMBO DISTRICT MUNICIPALITY  
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2016

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Director: Rural and Economic Development</b>												
Dunywa P.A.X.	-	1 280 128	97 230	84 000	38 984	-	-	-	-	-	105 327	1 605 670
Buso S. (Acting)	-	-	-	-	-	-	-	-	-	-	184 273	184 273
<b>Director: Speaker's Office / Legislative Services</b>												
Tseane M.M.	-	633 818	-	75 000	21 476	-	-	-	-	-	23 880	754 174
Mbanga T. (Acting)	-	-	-	-	-	-	-	-	-	-	215 207	215 207
<b>Director: Technical Services</b>												
Msebi N.	-	974 658	81 222	206 400	35 615	-	-	-	-	-	74 012	1 371 907
<b>Director: Water Services</b>												
Hlazo O.	-	688 668	75 999	240 000	25 326	-	-	-	-	-	-	1 029 993
Mbokwana M. (Acting)	-	-	-	-	-	-	-	-	-	-	138 592	138 592
<b>Chief of Staff: Legislature</b>												
Tseane M.M.	-	525 950	-	-	16 054	-	-	86 036	-	-	14 286	642 325
<b>Total for Senior Managers</b>	-	9 963 044	514 737	2 040 489	298 412	67 056	-	86 036	-	-	1 412 836	14 382 610
<b>Total for Management</b>	-	<b>21 829 811</b>	<b>514 737</b>	<b>6 182 199</b>	<b>854 322</b>	<b>67 056</b>	-	<b>86 036</b>	-	-	<b>3 816 352</b>	<b>33 350 512</b>

**APPENDIX G  
OR TAMBO DISTRICT MUNICIPALITY  
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2015

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Executive Mayor</b>												
Meth N (Ms)	-	559 735	-	218 463	21 240	-	-	-	-	-	116 521	915 958
<b>Deputy Mayor</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Speaker</b>												
Nogumla R.Z.	-	447 788	-	174 770	23 562	-	-	-	-	-	97 391	743 510
<b>Chief Whip</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Mayoral Committee</b>												
Dambuza M.B.	-	259 084	-	108 827	14 466	-	-	-	-	-	152 061	534 439
Dyule N.W. (Ms)	-	419 801	-	163 847	22 386	-	-	-	-	-	126 033	732 067
Mambila L.N.	-	419 801	-	163 847	22 317	-	-	-	-	-	118 321	724 286
Mgugudo N.O. (Ms)	-	419 801	-	163 847	23 178	-	-	-	-	-	223 138	829 964
Ngozi W.	-	419 801	-	163 847	22 174	-	-	-	-	-	101 509	707 331
Ntshuba V.W.	-	419 801	-	163 847	19 555	-	-	-	-	-	191 397	794 599
Pepping P.N. (Ms)	-	419 801	-	163 847	22 246	-	-	-	-	-	109 631	715 525
Sabisa T.	-	447 788	-	174 770	17 653	-	-	-	-	-	97 391	737 601
Sabona N.J.	-	419 801	-	163 847	17 268	-	-	-	-	-	173 505	774 421
<b>Chairpersons (Section 79)</b>												
Dudumayo B.R.	-	391 815	-	152 924	21 192	-	-	-	-	-	143 539	709 470
Nkani B.J. (Ms)	-	391 815	-	152 924	18 485	-	-	-	-	-	180 650	743 873
Soguntuza N. (Ms)	-	391 815	-	152 924	18 200	-	-	-	-	-	143 930	706 869
Ntobongwana N. (Ms)	-	396 214	-	154 674	21 170	-	-	-	-	-	102 944	675 002
<b>Other Councillors</b>												
Budu S.	-	7 190	-	2 397	192	-	-	-	-	-	14 462	24 241
Bunzana M.	-	7 190	-	2 397	906	-	-	-	-	-	99 753	110 245
Capa N.Y. (Ms)	-	13 122	-	11 652	1 767	-	-	-	-	-	208 326	234 867
Cwecwe N.N. (Ms)	-	13 122	-	11 652	870	-	-	-	-	-	87 088	112 731
Dawedi A.M.	-	13 122	-	11 652	797	-	-	-	-	-	61 139	86 708
Dlani X.H. (Ms)	-	13 122	-	11 652	837	-	-	-	-	-	79 913	105 524
Gogo M.	-	13 122	-	11 652	964	-	-	-	-	-	107 088	132 825
Gwadiso V.O.	-	7 190	-	2 397	602	-	-	-	-	-	81 696	91 884
Hibhane Z.	-	60 700	-	30 221	1 096	-	-	-	-	-	47 475	139 492
Khuphelo T.E.	-	13 122	-	11 652	424	-	-	-	-	-	39 825	65 022
Kotana M.P.J.	-	19 204	-	13 824	835	-	-	-	-	-	82 597	116 461
Kwaza M.S.	-	7 190	-	2 397	214	-	-	-	-	-	17 362	27 162
Magaya F.A.	-	13 122	-	11 652	871	-	-	-	-	-	84 852	110 496
Makhedama M.	-	215 498	-	84 108	11 501	-	-	-	-	-	105 917	417 024
Mamve N.N. (Ms)	-	167 920	-	65 539	9 154	-	-	-	-	-	49 803	292 416
Mandita K.	-	167 920	-	65 539	9 990	-	-	-	-	-	156 744	400 193
Maqabuka Z.V.	-	7 190	-	2 397	329	-	-	-	-	-	45 942	55 857
Mathe M.S.	-	1 461	-	487	153	-	-	-	-	-	13 537	15 638
Matomane R.N. (Ms)	-	13 122	-	11 652	445	-	-	-	-	-	42 705	67 923
Mbede B.	-	215 498	-	84 108	7 807	-	-	-	-	-	111 279	418 692
Mbotshwa N. (Ms)	-	22 974	-	15 081	549	-	-	-	-	-	39 781	78 386
Mkrokrelwa M.	-	13 122	-	11 652	957	-	-	-	-	-	95 083	120 813
Mlamli S.	-	259 071	-	107 895	15 262	-	-	-	-	-	257 215	639 443



**APPENDIX G  
OR TAMBO DISTRICT MUNICIPALITY  
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2015

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Mnyanda V.	-	13 122		11 652	657						58 428	83 858
Mpemnyama N.	-	7 190		2 397	338						47 592	57 516
Mvamveki R.N.	-	13 122		11 652	620						39 585	64 978
Mziba L. (Ms)	-	60 700		30 221	1 253						68 752	160 926
Mzimane N.F.	-	7 190		2 397	741						68 503	78 830
Ndlobongela B.	-	7 190		2 397	841						111 161	121 589
Ndude L.M.	-	167 920		65 539	9 579						84 477	327 514
Ndzwayiba M.W.	-	167 920		65 539	9 316						49 563	292 338
Ngabayena M.	-	7 190		2 397	885						95 314	105 785
Njemla S.N.	-	215 498		84 108	11 208						63 334	374 148
Nkungu M.I.	-	60 700		30 221	2 285						197 778	290 983
Nomvete T.	-	4 793		1 598	146						8 533	15 070
Ntshoyi N.P. (Ms)	-	13 122		11 652	646						42 105	67 524
Nyoka M.	-	7 190		2 397	631						57 499	67 717
Ruleni S.A.	-	13 122		11 652	403						35 745	60 921
Sigcau M.	-	287 331		-	11 291						78 009	376 631
Sikhonkotela N.	-	7 190		2 397	342						48 750	58 679
Socikwa M.C.	-	265 003		109 960	16 960						174 906	566 829
Thwatshuka D.	-	13 122		11 652	623						39 679	65 075
Xangayi C.T.	-	167 920		65 539	9 723						102 171	345 353
Zimela M.A.	-	4 793		1 598	170						12 352	18 913
Zweni R.M.	-	22 974		15 081	552						40 261	78 869
<b>Total for Councillors</b>	-	9 043 252	-	3 562 890	450 821	-	-	-	-	-	5 532 037	18 589 001
<b>Municipal Manager</b>												
Hlazo H.T.	-	560 998	109 517	90 000	28 342	-	-	1 717 004	-	-	6 475	2 512 336
Dunywa P.A.X. (Acting)	-	-	-	-	-	-	-	-	-	-	33 429	33 429
Hani T. (Acting)	-	-	-	-	-	-	-	-	-	-	53 881	53 881
<b>Chief Financial Officer</b>												
Moleko M.E.	-	928 249	-	450 089	51 877	-	-	-	-	-	98 437	1 528 652
<b>Director: Chief of Staff</b>												
Mbatani B.N.	-	746 999	77 447	80 000	34 162	-	-	135 837	-	-	5 000	1 079 444
Nogwanya S.	-	325 301	-	40 000	-	-	-	-	-	-	65 399	430 699
<b>Director: Community and Social Affairs</b>												
Somana N.T.	-	1 146 758	-	180 000	51 420	-	-	-	-	-	12 468	1 390 646
<b>Director: Human Resources</b>												
Mhlembana V.	-	558 997	47 075	140 000	28 923	-	-	174 106	-	-	11 401	960 501
Mfenguza N.O. (Acting)	-	-	-	-	-	-	-	-	-	-	26 446	26 446
Twani R.Z. (Acting)	-	-	-	-	-	-	-	-	-	-	8 719	8 719
<b>Director: Human Settlement</b>												
Mnyanda N. (Acting)	-	-	-	-	-	-	-	-	-	-	228 865	228 865
<b>Director: Internal Audit</b>												
Nquphaza V. (Acting))	-	-	-	-	-	-	-	-	-	-	139 207	139 207
Sotshede V.	-	249 320	-	66 250	3 469	-	-	-	-	-	-	319 039



**APPENDIX G  
OR TAMBO DISTRICT MUNICIPALITY  
STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2015

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Director: Office of the Executive Mayor</b>												
Mbatani B.N.	-	380 760	-	40 000	7 386	-	-	-	-	-	123 974	552 120
Ningiza N. (Acting)	-	-	-	-	-	-	-	-	-	-	134 112	134 112
<b>Director: Rural and Economic Development</b>												
Dunywa P.A.X.	-	1 266 892	-	84 000	53 325	-	-	-	-	-	154 906	1 559 124
<b>Director: Speaker's Office</b>												
(Vacant)	-	-	-	-	-	-	-	-	-	-	-	-
Mbanga T. (Acting)	-	-	-	-	-	-	-	-	-	-	172 493	172 493
<b>Director: Technical Services</b>												
Msebi N. (Acting)	-	-	-	-	-	-	-	-	-	-	27 850	27 850
Msebi N.	-	290 854	-	25 500	9 815	-	-	-	-	-	51 600	377 769
<b>Director: Water Services</b>												
Hlazo O.	-	923 730	-	120 000	48 823	-	-	-	-	-	295 477	1 388 030
<b>Chief of Staff: Legislature</b>												
Tseane M.M.	-	411 052	-	-	17 677	-	-	-	-	-	-	428 728
<b>Total for Senior Managers</b>	-	7 789 911	234 038	1 315 839	335 219	-	-	2 026 947	-	-	1 650 138	13 352 092
<b>Total for Management</b>	-	16 833 162	234 038	4 878 730	786 041	-	-	2 026 947	-	-	7 182 175	31 941 093

**APPENDIX H**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2016**

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2016	2015		
<b>1. FINANCIAL POSITION</b>								
<b>A. Asset Management / Utilisation</b>								
1. Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%		31.57%	24.96%	Refer to Page 2 of MFMA Circular No 71	
				Total Operating Expenditure	1 269 831 550	1 305 348 223		
				Taxation Expense	-	-		
				Total Capital Expenditure	585 812 243	434 220 033		
2. Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100	Statement of Financial Position, Notes to the AFS and AR	0%		0.39%	2.02%	Refer to Page 3 of MFMA Circular No 71	
				PPE, Investment Property & Intangible Impairment	18 986 869	89 170 981		
				PPE at Carrying Value	4 820 243 856	4 405 264 659		
				IP at Carrying Value	2 200 000	2 200 000		
				Intangible Assets at Carrying Value	2 099 104	3 110 747		
3. Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%		2.07%	0.83%	Refer to Page 4 of MFMA Circular No 71	
				Total Repairs and Maintenance Expenditure	99 757 607	36 698 499		
				PPE at Carrying Value	4 820 243 856	4 405 264 659		
				Investment Property at Carrying Value	2 200 000	2 200 000		
<b>B. Debtors Management</b>								
1. Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%		62.60%	58.83%	Refer to Page 5 of MFMA Circular No 71	
				Gross Debtors Closing Balance	544 228 960	466 977 356		
				Gross Debtors Opening Balance	466 977 356	375 478 495		
				Bad Debts Written-off	11 520 614	-		
				Billed Revenue	237 375 292	222 236 544		
2. Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		12.99%	0.00%	Refer to Page 5 of MFMA Circular No 71	
				Consumer Debtors Bad Debts Written-off	11 520 614	-		
				Consumer Debtors Current Bad Debt Provision	88 706 598	64 909 869		
3. Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue) x 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days		157 Days	168 Days	Refer to Page 6 of MFMA Circular No 71	
				Gross Debtors	544 228 960	466 977 356		
				Bad Debts Provision	442 040 052	364 854 067		
				Billed Revenue	237 375 292	222 236 544		
<b>C. Liquidity Management</b>								
1. Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short-term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months		4 Months	4 Months	Refer to Page 7 of MFMA Circular No 71	
				Cash and Cash Equivalents	336 867 748	306 651 625		
				Unspent Conditional Grants	(0)	4 110 015		
				Overdraft	-	-		
				Short-term Investments	-	-		
				Total Annual Operational Expenditure	1 009 541 320	997 720 588		
2. Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		1.15	1.19	Refer to Page 7 of MFMA Circular No 71	
				Current Assets	542 639 158	490 525 742		
				Current Liabilities	473 638 531	413 331 739		

**APPENDIX H**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2016**

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2016	2015		
<b>C. Liability Management</b>								
1. Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%	Interest Paid	-0.01%	-0.05%	Refer to Page 8 of MFMA Circular No 71	
				Redemption	(84 423)	(663 503)		
				Total Operating Expenditure	1 269 831 550	1 305 348 223		
				Taxation Expense	-	-		
2. Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%	Total Debt	0.00%	0.00%	Refer to Page 9 of MFMA Circular No 71	
				Total Operating Revenue	1 672 106 755	-		
				Operational Conditional Grants	630 496 291	553 851 670		
<b>C. Sustainability</b>								
1. Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%	Cash and Cash Equivalents	100.00%	100.00%	Refer to Page 9 of MFMA Circular No 71	
				Bank Overdraft	336 867 748	306 651 625		
				Short Term Investment	-	-		
				Long Term Investment	-	-		
				Unspent Grants	(0)	4 110 015		
				Net Assets	4 858 513 577	4 456 238 372		
				Share Premium	-	-		
				Share Capital	-	-		
				Revaluation Reserve	(0)	(0)		
				Fair Value Adjustment Reserve	-	-		
Accumulated Surplus	4 858 513 577	4 456 238 372						
<b>2. FINANCIAL PERFORMANCE</b>								
<b>A. Efficiency</b>								
1. Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%	Total Operating Revenue	23.98%	14.13%	Refer to Page 10 of MFMA Circular No 71	
				Depreciation - Revalued Portion	1 670 332 203	1 518 547 165		
				Total Operating Expenditure	-	(0)		
				Taxation Expense	1 269 831 550	1 303 910 028		
2. Net Surplus / Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure / Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	0% - 15%	Total Electricity Revenue	0.00%	0.00%	Refer to Page 10 of MFMA Circular No 71	
				Total Electricity Expenditure	-	-		
3. Net Surplus / Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%	Total Water Revenue	-14.10%	-25.23%	Refer to Page 11 of MFMA Circular No 71	
				Total Water Expenditure	661 837 153	617 847 591		
4. Net Surplus / Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%	Total Refuse Revenue	0.00%	0.00%	Refer to Page 12 of MFMA Circular No 71	
				Total Refuse Expenditure	755 164 839	773 715 800		
5. Net Surplus / Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= or > 0%	Total Sanitation and Waste Water Revenue	0.00%	0.00%	Refer to Page 12 of MFMA Circular No 71	
				Total Sanitation and Waste Water Expenditure	-	-		

**APPENDIX H**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2016**

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2016	2015		
<b>B. Distribution Losses</b>								
1. Electricity Distribution Losses (Percentage)	$\frac{\text{((Number of Electricity Units Purchased and/or Generated - Number of Units Sold) / Number of Electricity Units Purchased and/or Generated)} \times 100}{}$	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%	Number of Units Purchased and/or Generated Number of Units Sold	0.00% -	0.00% -	Refer to Page 13 of MFMA Circular No 71	
2. Water Distribution Losses (Percentage)	$\frac{\text{((Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified)} \times 100}{}$	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%	Number of Kilolitres Purchased and/or Purified Number of Kilolitres Sold	157.81% (11 446 357)	140.41% (11 635 413)	Refer to Page 13 of MFMA Circular No 71	
<b>C. Revenue Management</b>								
1. Growth in Number of Active Consumer Accounts	$\frac{\text{((Period under Review's Number of Active Debtor Accounts - Previous Period's Number of Active Debtor Accounts) / Previous Number of Active Debtor Accounts)} \times 100}{}$	Debtors System	None	Number of Active Debtors Accounts (Previous) Number of Active Debtors Accounts (Current)	0.96% 22 096	3.12% 21 427	Refer to Page 14 of MFMA Circular No 71	
2. Revenue Growth (%)	$\frac{\text{((Period under Review's Total Revenue - Previous Period's Total Revenue) / Previous Period's Total Revenue)} \times 100}{}$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	= CPI	CPI Total Revenue (Previous) Total Revenue (Current)	10.11% 4.70% 1 518 547 165	-17.16% 6.60% 1 833 144 937	Refer to Page 15 of MFMA Circular No 71	
3. Revenue Growth (%) - Excluding Capital Grants	$\frac{\text{((Period under Review's Total Revenue, excluding Capital Grants - Previous Period's Total Revenue, excluding Capital Grants) / Previous Period's Total Revenue, excluding Capital Grants)} \times 100}{}$	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-year Reports and AR	= CPI	CPI Total Revenue, excluding Capital Grants (Previous) Total Revenue, excluding Capital Grants (Current)	13.72% 4.70% 878 320 173	-1.37% 6.60% 890 495 164	Refer to Page 15 of MFMA Circular No 71	
<b>D. Expenditure Management</b>								
1. Creditors Payment Period (Trade Creditors)	$\frac{\text{Trade Creditors Outstanding / Credit Purchases (Operating and Capital)}}{365}$	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days	Trade Creditors Contracted Services Repairs and Maintenance General Expenses Bulk Purchases Capital Credit Purchases	56 Days 173 888 983	56 Days 155 182 867	Refer to Page 16 of MFMA Circular No 71	
2. Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	$\frac{\text{((Irregular, Fruitless & Wasteful and Unauthorised Expenditure) / Total Operating Expenditure)} \times 100}{}$	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%	Irregular, Fruitless & Wasteful and Unauthorised Expenditure Total Operating Expenditure Taxation Expense	42.58% 540 750 891	30.69% 400 655 395	Refer to Page 16 of MFMA Circular No 71	
3. Remuneration as % of Total Operating Expenditure	$\frac{\text{(Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure)} \times 100}{}$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%	Employee / Personnel Related Cost Councillors Remuneration Total Operating Expenditure Taxation Expense	30.26% 367 396 682	27.71% 345 314 924	Refer to Page 17 of MFMA Circular No 71	
4. Contracted Services % of Total Operating Expenditure	$\frac{\text{(Contracted Services / Total Operating Expenditure)} \times 100}{}$	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%	Contracted Services Total Operating Expenditure Taxation Expense	2.24% 28 420 558	1.66% 21 717 546	Refer to Page 17 of MFMA Circular No 71	



**APPENDIX H**  
**OR TAMBO DISTRICT MUNICIPALITY**  
**RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2016**

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2016	2015		
<b>E. Grant Dependency</b>								
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		4.91%	0.00%	Refer to Page 18 of MFMA Circular No 71
				Internally Generated Funds	28 779 463	-		
				Borrowings	-	-		
				Total Capital Expenditure	585 812 243	-		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		4.91%	0.00%	Refer to Page 18 of MFMA Circular No 71
				Internally Generated Funds	28 779 463	-		
				Total Capital Expenditure	585 812 243	-		
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	Statement Financial Performance, Budget, IDP, In-year Reports and AR	None		36.85%	36.72%	Refer to Page 18 of MFMA Circular No 71
				Total Revenue	1 672 106 755	1 518 547 165		
				Government Grant and Subsidies	1 303 780 773	1 194 078 662		
				Public Contributions and Donations	236 323	1 963 863		
				Capital Grants	673 284 483	640 226 992		
<b>3. BUDGET IMPLEMENTATION</b>								
<b>A. Efficiency</b>								
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%		68.18%	53.92%	Refer to Page 19 of MFMA Circular No 71
				Actual Capital Expenditure	585 812 243	434 220 033		
				Budgeted Capital Expenditure	859 179 859	805 366 561		
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		77.66%	117.57%	Refer to Page 20 of MFMA Circular No 71
				Actual Operating Expenditure	1 269 831 550	1 305 348 223		
				Budgeted Operating Expenditure	1 635 194 916	1 110 235 842		
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		66.90%	79.25%	Refer to Page 20 of MFMA Circular No 71
				Actual Operating Revenue	1 672 106 755	1 518 547 165		
				Budgeted Operating Revenue	2 499 327 110	1 916 266 756		
4.	Service Charges and Property Rates Revenue Budget Implementation Indicator	(Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		25.58%	51.98%	Refer to Page 21 of MFMA Circular No 71
				Actual Service Charges and Property Rates Revenue	195 346 164	188 614 946		
				Budgeted Service Charges and Property Rates Revenue	763 568 590	362 877 789		
<b>Interpretation of Results:</b>								
<div style="display: flex; justify-content: space-between;"> <div style="width: 20px; height: 10px; background-color: #90EE90; border: 1px solid black;"></div> <span>The green colour indicates that the result is within the norm and is acceptable.</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 20px; height: 10px; background-color: #FF0000; border: 1px solid black;"></div> <span>The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 20px; height: 10px; background-color: #ADD8E6; border: 1px solid black;"></div> <span>Data should be captured in the blue coloured cell to calculate a ratio.</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 20px; height: 10px; background-color: #FFFFFF; border: 1px solid black; display: flex; align-items: center; justify-content: center;">#</div> <span>In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced.</span> </div>								