



**Nkangala District Municipality  
Annual Financial Statements  
for the year ended 30 June 2016**

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## General Information

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<b>Legal form of entity</b>	District Municipality DC31
<b>Nature of business and principal activities</b>	Municipal Services
<b>Mayoral committee</b>	
Executive Mayor	Ngwenya TD
Speaker	Letlaka TM (Deceased 29 February 2016) Mahlobogoane RC (From 3 March 2016)
Chief Whip	Mduli ZB
Members of the Mayoral Committee	Dikgale LJ Dube C Hlope NE Mafume AP Masombuka IM Radebe JF
Councillors	Amoraal G (Resigned 31 August 2015) Bhamjee M Cronje RE Danisa M Dijana PJ (From 10 September 2015) Du Toit E Hlumbane MB (Resigned 28 October 2015) Jele EA Kabini SQ Legong TB Legong SM Matebe RS (From 19 October 2015) Mabuza BS Mahlangu JN Mahlangu BJ (Resigned 30 June 2016) Maja SR Makhabane EN Maluleka MT Maraba CL (From 10 September 2015) Maseko BH (Resigned 24 August 2015) Maseko CP Masilela TS Masina MAS Masuku MJ (Deceased) Mathibela SM Mkhabela F Mlambo LN Mnguni MTE Mokhabela JT Mokoena LM Monareng KN Mosena MC Mothibi BM Msiza AS Msiza JN

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# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## General Information

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	Mthimunye GT (Resigned 28 July 2015)
	Mtsweni RQ
	Myakeni BS
	Ngwenya XS
	Niemann HF
	Nkosi NB
	Nkosi TL
	Nkosi MS
	Nkwanyana BA
	Shabangu SB (From 07 September 2015)
	Shongwe SE
	Sibanyoni JM
	Sithole SF
	Tau JJ
	Tshabangu LM
	Van Der Berg EH
	Venter HJ
	Webber AMM (From 09 September 2015)
	Zondi ST
<b>Grading of local authority</b>	High capacity
<b>Chief Finance Officer (CFO)</b>	A L Stander
<b>Accounting Officer</b>	M M Skosana
<b>Business address</b>	2A Walter Sisulu Street Middelburg 1050 Mpumalanga
<b>Postal address</b>	P.O. Box 437 Middelburg 1050 Mpumalanga
<b>Bankers</b>	ABSA Limited Middelburg
<b>Auditors</b>	Auditor General South Africa
<b>Contact details</b>	Telephone : +27 (13) 249 2000 Fax : +27 (13) 249 2114

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
mSCOA	Municipal Standard Chart of Accounts

# **Nkangala District Municipality**

Annual Financial Statements for the year ended 30 June 2016

## **Report of the Chief Financial Officer**

### **1. INTRODUCTION**

The financial objective of the municipality is to secure sound and sustainable management of the financial affairs of the municipality and to assist the six local municipalities to be financially viable.

Critical functional areas for the district municipality and local municipalities amongst others include deterioration of audit outcomes, effective financial management, fully functional internal audit units and audit committees, high vacancy rate in key positions, declining growth in the Regional Services Council Replacement Grant, increase in operational expenditure, which negatively impacts on the allocations to local municipalities.

Issue 3 of the IDP relates to financial viability and includes projects that contributed to the financial viability of the district and local municipalities.

The District is a pilot site for the new mSCOA regulations and successfully implemented the mSCOA for the 2015/16 financial year starting from 1 Jul 2015. It has indeed been challenging as the mSCOA chart has been changing with every new version release of the mSCOA by National Treasury. The District has finalised and prepared the annual financial statements on version 5.4 of mSCOA, released 1 December 2015. Items were reclassified in terms of the mSCOA classification regulations and detail of these reclassifications are disclosed in note 34 of the annual financial statements.

### **2. REVIEW OF OPERATING RESULTS**

The 2015/2016 budget of the Nkangala District Municipality was approved by Council on the 28th of May 2015 under item DM 437/05/2015. An adjustment budget was approved on the 24th of February 2016 under item DM 299/02/2016. Herewith is commentary on the financial results.

#### **2.1 REVENUE**

The total revenue of the municipality increased from R366,771 (2014/15) to R381,737 million and indicate a positive outcome over the R362,303 budgeted for the 2015/16 financial year.

Revenue from exchange transactions amounts to R39,180 million, whilst the revenue from non-exchange transactions amounts to R342,557 million of which the major portions is from government grants and subsidies. The municipality is highly dependent on the RSC Replacement Grant that shows a deterioration growth rate year on year.

Indicative allocations published in Division of Revenue Act (DORA) point to an increase in the RSC Levy Replacement Grant.

The outlook for the next financial year is that the total revenue will increase compared to the year under review.

#### **TRANSFERS AND SUBSIDIES**

Transfers and subsidies increased by 2.37 % from R332,186 million (2014/15) to R340,046 million (2015/16). Transfers and Subsidies include conditional and non-conditional grants, donations or subsidies to the District and amongst others include the RSC Levy Replacement grant, the Equitable Share, Municipal System Improvement Grant, Finance Management Grant, Rural Asset Management Grant and the Expanded Public Works Programme Incentive Grant.

According to the accounting policies only the portion that has been expensed and meets the conditions of the conditional grant is recognized as revenue.

#### **INTEREST, DIVIDENDS AND RENT ON LAND**

The District earned interest, which increased by 18.03% from R32,396 (2014/15) to R38,235 million (2015/16). This increase is attributed to the slow implementation of projects to local municipalities under expenditure: transfers and subsidies paid and left more surplus cash for investment and the increase in interest rates on call deposits.

## **FINES, PENALTIES AND FORFEITS**

Revenue from Fines, Penalties and Forfeits increase by 55.25% from 1,572 (2014/15) to R2,440 (2015/16).

## **SALE OF GOODS**

Sale of goods increased by 52.93% from R0.461 (2014/15) to R0,704 million and consists mainly the selling of tender documents.

## **OPERATIONAL REVENUE**

Operational revenue increased by 102.43% from R0,068 million (2014/15) to R0,138 million (2015/16).

## **RENTAL FROM FIXED ASSETS**

Rental from fixed assets increased by 14.54% from R0,089 million (2014/15) to R0,102 million (2015/16) and flows from the lease agreement with Department of Public Works for offices at the Districts main office building

## **LICENCES AND PERMITS**

The municipal health services have been transferred to the District and the District is for the first time receiving revenue from the issuing of environmental licences and permits. An amount of R0,070 was realised in the 2015/16 financial year.

## **2.2 EXPENDITURE**

The total expenditure increased from R338,751 million (2014/15) to R356,846 million (2015/16) compared to the budgeted operating expenditure of R428,102 (2015/16). Transfers and subsidies to local municipalities are the main driver of the expenditure of the District

## **TRANSFERS & SUBSIDIES**

This expenditure relates to expenditure on infrastructure and operational projects for local municipalities within the District's jurisdictional area.

Actual grants and subsidies paid represent 49.70% (48.25% 2014/15) of the total expenditure and increased by 8.51% from R163,437 million (2014/15) to R177,349 million (2015/16). The actual transfers and subsidies are 96.91% of the budgeted amount of R182,996 million (2015/16).

## **EMPLOYEE RELATED COST**

Actual employee related costs increased by 26.36% from R71,275 (2014/15) to R90,059 million (2015/16) due to the drive to appoint staff in all vacancies. Actual employee related costs are 84.98 % of the budgeted employee related cost, which is due to the few vacancies which have not been filled in the year under review.

## **OPERATIONAL COST**

The actual expenditure of operational costs decreased by 6.371% from R33,398 million (2014/15) to R31,272 million (2015/16). Actual operational costs are 63.55% of the budgeted operational cost of R49,207 million.

## **CONTRACTED SERVICES**

Contracted services decreased by 32.49% from R45,689 million (2014/15) to R30,847 million (2015/16). Actual contracted services are 53.00% of the budgeted operational cost of R58,204 million.

## **REMUNERATION OF COUNCILLORS**

Payments made to councillors are in terms of the legislation on remuneration of public office bearers.

Actual councillor allowance costs increased by 1.5 % from R12,691 million (2014/15) to R12,882 million (2015/16). Actual councillor allowance costs are 98.54% of the budgeted remuneration of councillors.

## **DEPRECIATION/ AMORTISATION**

Depreciation/amortisation is charged on Property, Plant & Equipment/intangibles at rates determined in the accounting policies and asset useful lives are reviewed annually.

Actual depreciation/amortisation costs increased by 20.93 % from R7,910 million (2014/15) to R9,566 million (2015/16). Actual depreciation/amortisation costs are 91.13% of the budgeted depreciation/amortisation cost of R10,497 million.

### **INVENTORY CONSUMED**

Actual inventory consumed costs increased by 194.57 % from R1,138 million (2014/15) to R3,351 million (2015/16). Actual inventory consumed costs are 54.98% of the budgeted amount of R6,096 million.

### **INTEREST, DIVIDEND AND RENT ON LAND PAID**

The District only realised interest paid on the annuity loan with DBSA and Financial leases for office equipment.

Actual interest costs decreased by 52.69 % from R3,211 million (2014/15) to R1,519 million (2015/16), the decline is due to the INCA loan that was settled early in the 2014/15 financial year. Actual interest costs are 73.89% of the budgeted amount of R2,056 million.

### **GAINS AND LOSSES**

The District only realised a small gain on the disposal of fixed and intangible assets of R0,028 million (2015/16) compared to the loss of R0,189 million (2014/15) financial year.

### **SURPLUS**

The municipality realised a surplus of R24,918 million 2015/16 as a result of the cost containment measures that was introduced.

## **3. FINANCIAL POSITION**

The Statement of Financial position represents the financial strength of the municipality by a comparison of assets over liabilities.

The total assets of the municipality increased by 2.44% from R715,972 million (2014/15) to R733,438 million (2015/16). The contributing factors of this increase can mainly be attributed to declining inventory, increase in cash and cash equivalents, property, plant and equipment and long term investment.

Total liabilities decreased by 10.01% from R74,486 million (2014/15) to R67,033 million (2015/16), which is mainly due to the redemption of liabilities for 2016.

## **4. KEY RATIOS**

### **CURRENT RATIO**

This ratio represents the ability of the municipality to pay short term obligations within the next 12 months.

	<b>Current assets</b>	<b>Current Liabilities</b>	
	<b>R million</b>	<b>R million</b>	<b>Ratio</b>
<b>2014/15</b>	599,556	48,348	12.40:1
<b>2015/16</b>	556,574	40,872	13.62:1

### **ACID TEST**

A stringent indicator that determines whether a company/institution has enough short-term assets to cover its immediate liabilities without considering inventory. Institutions with ratios of less than 1 cannot pay their current liabilities and should be looked at with extreme caution.

	<b>Current assets – Inventory</b>	<b>Current Liabilities</b>	
	<b>R million</b>	<b>R million</b>	<b>Ratio</b>
2014/15	487.921	48,348	10.03:1



2015/16	484,877	40,872	11.94:1
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## **SOLVENCY RATIO**

This represents the ability of the municipality to pay both its long term and short term obligations.

	<b>Total Assets</b>	<b>Total Liabilities</b>	
	<b>R million</b>	<b>R million</b>	<b>Ratio</b>
2014/15	715,972	74,486	9.61:1
2015/16	733,437	67,033	10.94:1

## **OTHER RATIOS**

<b>Ratio</b>	<b>30 Jun 2016</b>	<b>30 Jun 2015</b>
Employee related cost / Total expenditure	25.24	21.04
Actual transfers and subsidies paid / Total expenditure	49.70	48.25
Actual transfers and subsidies paid / Total revenue	46.46	45.56
Actual transfers and subsidies paid / Budget		

## **5. CREDIT RATING**

Global credit rating committee has in August 2013 rated the Nkangala District Municipality's as follows:

<b>Security class</b>	<b>Rating scale</b>	<b>Rating</b>	<b>Rating outlook</b>	<b>Review date</b>
Long term	National A(ZA)	Stable		08/2014

High credit quality relative to other issuers or obligations in the same country. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

<b>Security class</b>	<b>Rating scale</b>	<b>Rating</b>	<b>Rating outlook</b>	<b>Review date</b>
Short term	National A(ZA)	Stable		08/2014

Very high certainty of timely payment relative to other issuers or obligations in the same country. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

<b>Security class</b>	<b>Rating scale</b>	<b>Rating</b>	<b>Rating outlook</b>	<b>Review date</b>
Long term	International	BBB-	Stable	08/2014

Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.

## **6. GENERALLY RECOGNISED ACCOUNTING PRACTICES**

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

The following standards were applicable during the year under review:

Reference	Topic
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GRAP 1	Presentation of Financial Statements
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GRAP 2	Cash Flow Statements
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GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effects of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Costs

GRAP 6 Consolidated and Separate Financial Statements

GRAP 7 Investments in Associates

GRAP 8 Interests in Joint Ventures

GRAP 9 Revenue from Exchange Transactions

GRAP 10 Financial Reporting in Hyperinflationary Economies

GRAP 11 Construction Contracts

GRAP 12 Inventories

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GRAP 14 Events After the Reporting Date

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GRAP 17 Property, Plant and Equipment

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 21 Impairment of non-cash generating assets

GRAP 23 Revenue from non-exchange transactions

GRAP 24 Presentation of budget

GRAP 25 Employee Benefits

GRAP 26 Impairment of cash generating assets

GRAP 27 Agriculture

GRAP 31 Intangible Assets

GRAP 100 Non-current Assets Held for Sale and Discontinued Operations

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments

## **7. CONCLUSION**

Good governance, sound financial management and financial viability remain critical success factors for the municipality.

## **8. ACKNOWLEDGEMENT**

I would like to extend my appreciation to the Honourable Executive Mayor, Mayoral Committee and Councillors for strategic direction and leadership demonstrated during the financial year.

The guidance and vision of the Municipal Manager and Heads of Departments are acknowledged with gratitude. A special word of appreciation is extended to all my colleagues for their loyalty and support.

Thank you

AL STANDER

MANAGER: FINANCE (CHIEF FINANCIAL OFFICER)

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

I am responsible for the preparation of these annual financial statements, which are set out from pages 12 to 66, in terms of Section 126(1) of the Local Government: Municipal Financial Management Act and which I have signed on behalf of the municipality.

During the year, the back pay remuneration was overpaid to Councillors due to the upgrade of Local Municipalities in terms of item 6 of the Determination of Upper Limits of allowances and benefits of Councillors issued and gazetted on 21 December 2015 as determined by the Minister of Cooperative Governance for the 2015/16 financial year. The amount of the overpayment was R157,776.45. Council has recovered R89,457 of the total amount as at the end of the financial year.

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**M M Skosana**  
**Municipal Manager**

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Assets</b>			
<u>Current Assets</u>			
Inventories	3	68 653 479	114 678 664
Investments	4&8	-	36 657 036
Construction contracts and receivables	5	648	4 648
Value Added Tax receivable	6	25 428 335	15 804 573
Trade and other receivables from exchange transactions	7	143 786	10 411
Cash and cash equivalents	8	462 348 011	432 400 749
		<b>556 574 259</b>	<b>599 556 081</b>
<u>Non-Current Assets</u>			
Property, plant and equipment	9	135 417 578	115 659 274
Intangible assets	10	583 177	756 591
Investments	4&8	40 862 493	-
		<b>176 863 248</b>	<b>116 415 865</b>
<b>Total Assets</b>		<b>733 437 507</b>	<b>715 971 946</b>
<b>Liabilities</b>			
<u>Current Liabilities</u>			
Borrowings	11	3 402 998	3 493 835
Finance lease liability	12	267 922	244 338
Trade and other payables from exchange transactions	13	36 715 336	40 414 588
Consumer deposits	14	14 270	10 320
Defined benefit obligation	15	161 460	120 360
Trade and other payables from non-exchange transactions	16	-	3 993 669
Provisions and impairment	17	309 804	71 691
		<b>40 871 790</b>	<b>48 348 801</b>
<u>Non-Current Liabilities</u>			
Borrowings	11	7 712 670	10 797 738
Finance lease liability	12	217 780	485 703
Defined benefit obligation	15	15 985 180	13 678 409
Provisions and impairment	17	2 245 440	1 175 595
		<b>26 161 070</b>	<b>26 137 445</b>
<b>Total Liabilities</b>		<b>67 032 860</b>	<b>74 486 246</b>
<b>Net Assets</b>		<b>666 404 647</b>	<b>641 485 700</b>
Accumulated surplus		666 404 647	641 485 700

\* 2015 figures have been restated due to mSCOA reclassifications and prior period errors - see Notes 34 & 33

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods		704 420	460 630
Rental from fixed assets	18	102 471	89 466
Operational revenue	19	138 180	68 261
Interest, dividend and rent on land	20	38 235 491	32 395 926
<b>Total revenue from exchange transactions</b>		<b>39 180 562</b>	<b>33 014 283</b>
<b>Revenue from non-exchange transactions</b>			
Licences or permits		70 175	-
Transfers and subsidies	21	340 046 461	332 185 931
Fines, penalties and forfeits		2 440 138	1 571 706
<b>Total revenue from non-exchange transactions</b>		<b>342 556 774</b>	<b>333 757 637</b>
<b>Total revenue</b>	22	<b>381 737 336</b>	<b>366 771 920</b>
<b>Expenditure</b>			
Employee related costs	23	(90 059 932)	(71 275 249)
Remuneration of councillors	24	(12 881 631)	(12 691 036)
Depreciation and amortisation	25	(9 565 965)	(7 910 270)
Interest, dividend and rent on land	26	(1 519 219)	(3 211 418)
Inventory consumed	29	(3 351 379)	(1 137 736)
Contracted services	27	(30 846 808)	(45 689 126)
Transfers and subsidies	28	(177 348 648)	(163 437 920)
Operational costs	29	(31 272 485)	(33 398 402)
<b>Total expenditure</b>		<b>(356 846 065)</b>	<b>(338 751 157)</b>
<b>Operating surplus</b>		<b>24 891 271</b>	<b>28 020 763</b>
Gains and Losses: Disposal of fixed and intangible assets		27 671	(188 760)
<b>Surplus for the year</b>		<b>24 918 942</b>	<b>27 832 003</b>

\* 2015 figures have been restated due to mSCOA reclassifications and prior period errors - see Notes 34 & 33

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	616 307 380	616 307 380
Correction of errors - refer to note 33	(2 653 679)	(2 653 679)
<b>Balance at 01 July 2014 as restated*</b>	<b>613 653 701</b>	<b>613 653 701</b>
Changes in net assets		
Surplus for the year as previously reported	32 792 371	32 792 371
Correction of errors - refer to note 33.	(4 960 370)	(4 960 370)
<b>Balance at 01 July 2015 as restated*</b>	<b>641 485 702</b>	<b>641 485 702</b>
Changes in net assets		
Surplus for the year	24 918 942	24 918 942
Total changes	24 918 942	24 918 942
<b>Balance at 30 June 2016</b>	<b>666 404 644</b>	<b>666 404 644</b>

\* 2015 figures have been restated due to mSCOA reclassifications and prior period errors - see Notes 34 & 33

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers and Subsidies		336 052 792	334 652 826
Interest, Dividend and Rent on Land		38 235 491	32 395 926
Other Receipts		3 329 959	1 629 213
Movement of VAT Receivable		-	7 682 685
		<u>377 618 242</u>	<u>376 360 650</u>
<b>Payments</b>			
Employee costs		(99 285 732)	(82 906 428)
Suppliers and other payments		(200 493 383)	(212 612 800)
Interest, Dividend and Rent on Land		(1 610 056)	(3 302 260)
Movement of VAT Receivable		(9 623 763)	-
		<u>(311 012 934)</u>	<u>(298 821 488)</u>
<b>Net cash flows from operating activities</b>	30	<b><u>66 605 308</u></b>	<b><u>77 539 162</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(29 180 873)	(23 892 330)
Proceeds from sale of property, plant and equipment	9	57 691	109 291
Decreases/(Increases) of investments		(4 205 457)	(2 900 611)
		<u>(33 328 639)</u>	<u>(26 683 650)</u>
<b>Net cash flows from investing activities</b>		<b><u>(33 328 639)</u></b>	<b><u>(26 683 650)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(3 085 068)	(20 150 909)
Finance lease payments		(244 338)	(86 690)
		<u>(3 329 406)</u>	<u>(20 237 599)</u>
<b>Net cash flows from financing activities</b>		<b><u>(3 329 406)</u></b>	<b><u>(20 237 599)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>29 947 263</b>	<b>30 617 913</b>
Cash and cash equivalents at the beginning of the year		432 400 748	401 782 836
<b>Cash and cash equivalents at the end of the year</b>	8	<b><u>462 348 011</u></b>	<b><u>432 400 749</u></b>

\* 2015 figures have been restated due to mSCOA reclassifications and prior period errors - see Notes 34 & 33

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of goods	677 250	-	<b>677 250</b>	704 420	<b>27 170</b>	
Rental from fixed assets	120 158	-	<b>120 158</b>	102 472	<b>(17 686)</b>	
Operational revenue	-	95 000	<b>95 000</b>	138 181	<b>43 181</b>	
Interest, dividend and rent on land	15 756 750	5 161 250	<b>20 918 000</b>	38 235 491	<b>17 317 491</b>	
<b>Total revenue from exchange transactions</b>	<b>16 554 158</b>	<b>5 256 250</b>	<b>21 810 408</b>	<b>39 180 564</b>	<b>17 370 156</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Licences or Permits (Non-exchange)	-	-	-	70 175	<b>70 175</b>	
<b>Transfer revenue</b>						
Transfers and subsidies	336 693 000	3 000 000	<b>339 693 000</b>	340 046 461	<b>353 461</b>	
Fines, penalties and forfeits	200 000	600 000	<b>800 000</b>	2 440 138	<b>1 640 138</b>	
<b>Total revenue from non-exchange transactions</b>	<b>336 893 000</b>	<b>3 600 000</b>	<b>340 493 000</b>	<b>342 556 774</b>	<b>2 063 774</b>	
<b>Total revenue</b>	<b>353 447 158</b>	<b>8 856 250</b>	<b>362 303 408</b>	<b>381 737 338</b>	<b>19 433 930</b>	
<b>Expenditure</b>						
Employee related costs	(106 985 605)	1 012 967	<b>(105 972 638)</b>	(90 059 932)	<b>15 912 706</b>	
Remuneration of councillors	(12 915 118)	(157 450)	<b>(13 072 568)</b>	(12 881 629)	<b>190 939</b>	
Inventory consumed	(6 993 060)	(1 949 647)	<b>(8 942 707)</b>	(3 351 379)	<b>5 591 328</b>	
Depreciation and amortisation	(9 711 377)	(785 852)	<b>(10 497 229)</b>	(9 565 965)	<b>931 264</b>	
Finance costs	(1 988 533)	(67 555)	<b>(2 056 088)</b>	(1 519 218)	<b>536 870</b>	
Contracted Services	(39 222 397)	(18 960 947)	<b>(58 183 344)</b>	(30 846 808)	<b>27 336 536</b>	
Transfers and Subsidies	(236 205 521)	53 209 387	<b>(182 996 134)</b>	(177 348 649)	<b>5 647 485</b>	
Operational costs	(38 228 205)	(8 153 023)	<b>(46 381 228)</b>	(31 272 480)	<b>15 108 748</b>	
<b>Total expenditure</b>	<b>(452 249 816)</b>	<b>24 147 880</b>	<b>(428 101 936)</b>	<b>(356 846 060)</b>	<b>71 255 876</b>	
<b>Operating surplus</b>	<b>(98 802 658)</b>	<b>33 004 130</b>	<b>(65 798 528)</b>	<b>24 891 278</b>	<b>90 689 806</b>	
Gain on disposal of assets and liabilities	-	-	-	27 671	<b>27 671</b>	
<b>Surplus before taxation</b>	<b>(98 802 658)</b>	<b>33 004 130</b>	<b>(65 798 528)</b>	<b>24 918 949</b>	<b>90 717 477</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(98 802 658)</b>	<b>33 004 130</b>	<b>(65 798 528)</b>	<b>24 918 949</b>	<b>90 717 477</b>	



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2016</b>											
<b>Financial Performance</b>											
Interest, Dividend and Rent on Land	15 756 750	5 161 250	20 918 000	-		20 918 000	38 235 491		17 317 491	183 %	243 %
Transfers recognised - operational	334 683 000	3 000 000	337 683 000	-		337 683 000	338 036 461		353 461	100 %	101 %
Other own revenue	997 408	695 000	1 692 408	-		1 692 408	3 412 882		1 720 474	202 %	342 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>351 437 158</b>	<b>8 856 250</b>	<b>360 293 408</b>	<b>-</b>		<b>360 293 408</b>	<b>379 684 834</b>		<b>19 391 426</b>	<b>105 %</b>	<b>108 %</b>
Employee costs	(106 985 604)	(1 264 880)	(108 250 484)	-	2 277 846	(105 972 638)	(90 059 932)	-	15 912 706	85 %	84 %
Remuneration of councillors	(12 915 118)	(157 450)	(13 072 568)	-	-	(13 072 568)	(12 881 629)	-	190 939	99 %	100 %
Depreciation and asset impairment	(9 711 380)	(230 706)	(9 942 086)	-	(555 143)	(10 497 229)	(9 565 965)	-	931 264	91 %	99 %
Finance charges	(1 988 533)	(36 409)	(2 024 942)	-	(31 146)	(2 056 088)	(1 519 218)	-	536 870	74 %	76 %
Transfers and grants	(236 205 522)	54 308 260	(181 897 262)	-	(1 098 872)	(182 996 134)	(177 348 649)	-	5 647 485	97 %	75 %
Other expenditure	(84 443 668)	(28 470 926)	(112 914 594)	-	(592 685)	(113 507 279)	(65 470 667)	-	48 036 612	58 %	78 %
<b>Total expenditure</b>	<b>(452 249 825)</b>	<b>24 147 889</b>	<b>(428 101 936)</b>	<b>-</b>	<b>-</b>	<b>(428 101 936)</b>	<b>(356 846 060)</b>	<b>-</b>	<b>71 255 876</b>	<b>83 %</b>	<b>79 %</b>
<b>Surplus/(Deficit)</b>	<b>(100 812 667)</b>	<b>33 004 139</b>	<b>(67 808 528)</b>	<b>-</b>		<b>(67 808 528)</b>	<b>22 838 774</b>		<b>90 647 302</b>	<b>(34)%</b>	<b>(23)%</b>
Transfers recognised - capital	2 010 000	-	2 010 000	-		2 010 000	2 010 000		-	100 %	100 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(98 802 667)</b>	<b>33 004 139</b>	<b>(65 798 528)</b>	<b>-</b>		<b>(65 798 528)</b>	<b>24 848 774</b>		<b>90 647 302</b>	<b>(38)%</b>	<b>(25)%</b>
<b>Surplus/(Deficit) for the year</b>	<b>(98 802 667)</b>	<b>33 004 139</b>	<b>(65 798 528)</b>	<b>-</b>		<b>(65 798 528)</b>	<b>24 848 774</b>		<b>90 647 302</b>	<b>(38)%</b>	<b>(25)%</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	38 275 233	242 988	38 518 221	-		38 518 221	19 263 208		(19 255 013)	50 %	50 %
<b>Cash flows</b>											
Net cash from (used) operating	(89 091 287)	34 581 557	(54 509 730)	-		(54 509 730)	66 605 308		121 115 038	(122)%	(75)%
Net cash from (used) investing	(58 186 817)	1 698 626	(56 488 191)	-		(56 488 191)	(33 328 639)		23 159 552	59 %	57 %
Net cash from (used) financing	-	-	-	-		-	(3 329 406)		(3 329 406)	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(147 278 104)</b>	<b>36 280 183</b>	<b>(110 997 921)</b>	<b>-</b>		<b>(110 997 921)</b>	<b>29 947 263</b>		<b>140 945 184</b>	<b>(27)%</b>	<b>(20)%</b>
Cash and cash equivalents at the beginning of the year	432 379 506	-	432 379 506	-		432 379 506	432 400 748		21 242	100 %	100 %
<b>Cash and cash equivalents at year end</b>	<b>285 101 402</b>	<b>36 280 183</b>	<b>321 381 585</b>	<b>-</b>		<b>321 381 585</b>	<b>462 348 011</b>		<b>(140 966 426)</b>	<b>144 %</b>	<b>162 %</b>

The accounting policies on pages 19 to 39 and the notes on pages 40 to 66 form an integral part of the annual financial statements.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Significant judgements and sources of estimation uncertainty

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

##### Trade receivables / Held to maturity investments and/or loans and receivables

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

The trade receivables were individually reviewed for impairment indicators and there was no indication of that impairment was required during the year.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

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

##### Provisions

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation/amortisation charges for property, plant and equipment and other assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

#### Effective interest rate

The municipality used the government bond rate to discount future cash flows.

#### Defined benefit obligations

The municipality obtains actuarial valuations of its defined benefit plan and other long-term employee benefits. The defined benefit plan and other long-term employee benefits identified are post-retirement health benefit obligations and long-service awards. The estimate liabilities are recorded in accordance with GRAP 25. Additional information is disclosed in Note 15 and 17.

### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

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

Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.
- Installation costs.
- Professional fees.
- Estimated cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.

Subsequently, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Land is not depreciated as it is deemed to have an indefinite life.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

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

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Item	Depreciation method	Average useful life
Land		Indefinite life
Buildings and other structures	Straight line	15 to 30 years
Leased assets	Straight line	3 years
Machinery and equipment	Straight line	5 to 20 years
Furniture and office equipment	Straight line	1 to 15 years
Transport assets	Straight line	7 to 20 years
Computer equipment	Straight line	1 to 10 years
Infrastructure: Electricity	Straight line	20 years
Infrastructure: Roads, Pavements, Bridges and Stormwater	Straight line	10 to 30 years

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

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

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

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

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

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

Where items of property, plant and equipment 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.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

<b>Item</b>	<b>Useful life</b>
Computer software	3 - 15 years

Intangible assets are derecognised:

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.5 Intangible assets (continued)

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.6 Financial instruments

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

#### Classification

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

<b>Class</b>	<b>Category</b>
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Bank balances	Financial asset measured at fair value
Cash	Financial asset measured at fair value

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

<b>Class</b>	<b>Category</b>
Other payables	Financial liability measured at amortised cost
Long-term liabilities	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at fair value
Retentions	Financial liability measured at fair value

#### Initial recognition

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

The municipality recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

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

The municipality measures a financial asset and financial liability initially at its fair value.

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

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

#### Subsequent measurement of financial assets and financial liabilities

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.6 Financial instruments (continued)

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

#### Fair value measurement considerations

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

#### Gains and losses

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

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

#### Impairment and uncollectibility of financial assets

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

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

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

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

Financial assets measured 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 are not reversed.



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Derecognition

##### Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

##### Financial liabilities

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

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### 1.7 Leases

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

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

#### Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

# Nkangala District Municipality

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### 1.7 Leases (continued)

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. 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 over the lease term except where other systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 1.8 Inventories

The municipality constructs infrastructure projects, which will subsequently be transferred to local municipalities in its area of jurisdiction at no cost when the project is completed. Projects still in progress and not yet completed are disclosed as inventory. Inventory is measured at actual cost.

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

### 1.9 Impairment of cash-generating assets

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

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset's fair value less cost to sell and its value in use.

The fair value represents the amount obtained obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.

# Nkangala District Municipality

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### 1.9 Impairment of cash-generating assets (continued)

The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belong. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of the value in use, R1.00 or fair value less cost to sell.

A previously recognised impairment loss related to assets is reserved if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods,

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

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

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

#### Identification

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

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

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

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

#### Value in use

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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

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

# Nkangala District Municipality

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### 1.9 Impairment of cash-generating assets (continued)

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

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

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

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

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

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

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

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

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

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

# Nkangala District Municipality

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### 1.9 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

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

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

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

### 1.10 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

# Nkangala District Municipality

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### 1.10 Impairment of non-cash-generating assets (continued)

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

#### Identification

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

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

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

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.11 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phone) for current employees.

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

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

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

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

#### Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of financial performance as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

The municipality contributes towards retirement benefits of its employees and councilors to the under- mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund

Municipal Gratuity Fund Councilors are members of the Municipal Councilor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.11 Employee benefits (continued)

#### Defined benefit plans

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Post-employment medical care benefits:

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employee remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over the period of employment.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.



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### 1.11 Employee benefits (continued)

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until;
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- ◆ any resulting change in the present value of the defined benefit obligation; and
- ◆ any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.11 Employee benefits (continued)

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

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money.

The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

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

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

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

### Accrued leave pay

The liability is based on the total accrued leave days at year end and it is recognised as it accrue for employees, regardless how the obligation will be settled at the future date.

# Nkangala District Municipality

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### 1.12 Long service awards

The municipality has an obligation to provide long-term service allowance benefits to all of its employees. According to the rules of the long-term 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 5, 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 service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

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

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

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

### 1.13 Contingent liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- present obligation that arises from past events but is not recognised because:
  - ◆ it is not probably that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - ◆ the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

### 1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.14 Commitments (continued)

- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.15 Revenue from exchange transactions

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

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

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

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of tender documents

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

All other revenue is recognised at fair value as and when they occur.

#### Rental of facilities

Rental of facilities arising from the use by others of entity assets yielding interest is recognised when:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;

#### Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

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

### 1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

# Nkangala District Municipality

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## Accounting Policies

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### 1.16 Revenue from non-exchange transactions (continued)

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.17 Cash and cash equivalents

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

### 1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.19 Borrowing costs

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

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

### 1.20 Comparative figures

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

### 1.21 Unauthorised expenditure

Unauthorised expenditure means:

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.22 Fruitless and wasteful expenditure

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

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

### 1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998), or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

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

### 1.24 Budget information

The comparison of budget and actual amounts presents separately for each level of legislative oversight:

- the approved and final amounts
- the actual amounts on a comparable basis
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where the municipality prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the "Statement of Comparison of Budget and Actual Amounts". This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual
- include the same activities and entities
- use the same classification system
- are prepared for the same period.

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

The approved budget covers the fiscal period from 01/07/2015 to 30/06/2018.

### 1.25 Related parties

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.25 Related parties (continued)

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

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

### 1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2017	The impact of the amendment is not material.
• GRAP 20: Related parties	01 April 2017	The impact of the amendment is not material.
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	The impact of the amendment is not material.
• GRAP 108: Statutory Receivables	01 April 2016	The impact of the amendment is not material.
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	The impact of the amendment is not material.
• GRAP 16 (as amended 2015): Investment Property	01 April 2016	The impact of the amendment is not material.
• GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	The impact of the amendment is not material.
• GRAP 109: Accounting by Principals and Agents	01 April 2017	The impact of the amendment is not material.
• GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	01 April 2017	The impact of the amendment is not material.
• GRAP 26 (as amended 2015): Impairment of cash-generating assets	01 April 2017	The impact of the amendment is not material.
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the amendment is not material.



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>3. Inventories</b>		
Work in progress	68 653 479	114 678 664
<b>Work in Progress</b>		
Balance at the beginning of the year	114 678 664	163 103 445
Current year expenditure	84 533 264	81 819 327
Less: Projects completed and transferred to Local Municipalities	(130 558 449)	(130 244 108)
<b>Balance at the end of the year</b>	<b>68 653 479</b>	<b>114 678 664</b>
No inventories were pledged as security for liabilities in the current financial year.		
<b>4. Investments</b>		
<b>At amortised cost</b>		
Investec promissory note The investment was made on 07 September 2010 and matured at 07 September 2015. The guaranteed value of the investment was R37 218 084.	-	36 657 036
Investec promissory note The investment was made on 23 September 2015 and the maturity date is 23 September 2020 i.e. after 5 years.	40 862 493	-
	<b>40 862 493</b>	<b>36 657 036</b>
<b>Non-current assets</b>		
At amortised cost	40 862 493	-
<b>Current assets</b>		
At amortised cost	-	36 657 036
<b>Reconciliation of investments</b>		
Balance at the beginning of the year	36 657 036	33 756 425
Additional investments	38 000 000	-
Interest earned and reinvested	3 423 541	2 900 611
Investments matured and redeemed	(37 218 084)	-
<b>Balance at the end of the year</b>	<b>40 862 493</b>	<b>36 657 036</b>
<b>5. Construction contracts and receivables</b>		
<b>Contracts in progress at statement of financial position date</b>		
Receivables Due	648	4 648
<b>6. VAT receivable</b>		
VAT	25 428 335	15 804 573
The Municipality accounts for Value Added Tax on the payment basis.		
<b>7. Trade and other receivables from exchange transactions</b>		
<b>Gross balances</b>		
Other (specify)	143 786	10 411

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>7. Trade and other receivables from exchange transactions (continued)</b>		
<b>Net balance</b>		
Other (specify)	143 786	10 411
<b>Other (specify)</b>		
Current (0 -30 days)	77 823	10 411
31 - 60 days	25 107	-
61 - 90 days	4 950	-
91 - 120 days	35 906	-
	<b>143 786</b>	<b>10 411</b>
<b>8. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	10 200	10 200
Bank balances	4 241 912	24 982 495
Short-term deposits	458 095 899	407 408 054
	<b>462 348 011</b>	<b>432 400 749</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand			2016	2015
<b>8. Cash and cash equivalents (continued)</b>				
<b>The municipality had the following bank accounts</b>				
<b>Account number / description</b>	<b>Bank statement balances</b>		<b>Cash book balances</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
ABSA Bank - Current Account - 1040161836	25 437 353	33 360 864	4 241 912	24 961 253
ABSA Bank - Fixed Deposit - 2074803822	-	5 000 000	-	5 000 000
ABSA Bank - Fixed Deposit - 2075065526	-	20 000 000	-	20 000 000
ABSA Bank - Fixed Deposit - 2075094375	5 000 000	5 000 000	5 000 000	5 000 000
ABSA Bank - Fixed Deposit - 2075321738	10 000 000	-	10 000 000	-
ABSA Bank - Fixed Deposit - 2075797725	5 000 000	-	5 000 000	-
ABSA Bank - Fixed Deposit - 2075942407	13 000 000	-	13 000 000	-
ABSA Bank - Fixed Deposit - 2075913802	15 000 000	-	15 000 000	-
ABSA Bank - Call Account - 4083615135	-	9 650 536	-	9 650 536
Nedbank Bank - Fixed Deposit (6.50%) - 7881531304	-	13 000 000	-	13 000 000
Nedbank Bank - Fixed Deposit (6.08%) - 7881531304	-	10 000 000	-	10 000 000
Nedbank Bank - Fixed Deposit (6.18%) - 7881531304	-	5 000 000	-	5 000 000
Nedbank Bank - Call Deposit (5.45%) - 7881531304	-	8 059 102	-	8 059 102
Nedbank Bank - Fixed Deposit - 7881531304/000213	11 000 000	-	11 000 000	-
Nedbank Bank - Fixed Deposit - 7881531304/000217	5 000 000	-	5 000 000	-
Nedbank Bank - Fixed Deposit - 7881531304/000218	5 000 000	-	5 000 000	-
Nedbank Bank - Fixed Deposit - 7881531304/000219	10 000 000	-	10 000 000	-
Nedbank Bank - Fixed Deposit - 7881531304/000220	10 000 000	-	10 000 000	-
Nedbank Bank - Fixed Deposit - 7881531304/000221	5 000 000	-	5 000 000	-
FNB (RMB) Bank - Call Deposit - DC02E00161	-	10 545 506	-	10 545 506
FNB (RMB) Bank - Term Deposit - PVH568A010	-	10 000 000	-	10 000 000
FNB (RMB) Bank - Term Deposit - PVH5325014	-	11 000 000	-	11 000 000
FNB (RMB) Bank - Term Deposit - AY156FA011	-	5 000 000	-	5 000 000
FNB (RMB) Bank - Term Deposit - PVH55RA062	32 299 106	30 274 626	32 299 106	30 274 626
FNB (RMB) Bank - Term Deposit - 223288/2	10 000 000	-	10 000 000	-
FNB (RMB) Bank - Term Deposit - 235430/0	8 000 000	-	8 000 000	-
FNB (RMB) Bank - Term Deposit - 240687/0	5 000 000	-	5 000 000	-
FNB (RMB) Bank - Term Deposit - 246988/0	5 000 000	-	5 000 000	-
FNB (RMB) Bank - Term Deposit - 244409/0	10 000 000	-	10 000 000	-
Standard Bank - Cash Management - 2311380	117 520 173	110 229 546	117 520 173	110 229 516
Standard Bank - Retail Call - 038433834	-	3 717 153	-	3 717 153
Standard Bank - Notice Deposit - 038433834#070	-	18 000 000	-	18 000 000
Standard Bank - Notice Deposit - 038433834#079	-	5 000 000	-	5 000 000
Standard Bank - Notice Deposit - 038433834#082	-	5 000 000	-	5 000 000
Standard Bank - Notice Deposit - 038433834#083	-	5 000 000	-	5 000 000
Standard Bank - Notice Deposit - 038433834#080	15 000 000	-	15 000 000	-
Standard Bank - Notice Deposit - 038433834#085	5 000 000	-	5 000 000	-
Standard Bank - Notice Deposit - 038433834#086	10 000 000	-	10 000 000	-
Standard Bank - Notice Deposit - 038433834#087	5 000 000	-	5 000 000	-
Standard Bank - Notice Deposit - 038433834#088	10 000 000	-	10 000 000	-
Standard Bank - Notice Deposit - 038433834#089	12 000 000	-	12 000 000	-
Sanlam - NDCKON	76 566 106	71 616 749	76 566 106	71 616 749
Investec - Call Deposit - 1400121751	40 109 890	44 309 054	40 109 890	44 309 054
Interest accrued	2 600 623	-	2 600 623	2 005 812
<b>Total</b>	<b>483 533 251</b>	<b>438 763 136</b>	<b>462 337 810</b>	<b>432 369 307</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>8. Cash and cash equivalents (continued)</b>		
<b>Summary of Investments</b>		
ABSA	48 000 000	39 650 536
Nedbank	46 000 000	36 059 102
First National Bank	38 000 000	66 820 132
Standard Bank	57 000 000	36 717 153
Sanlam	76 566 106	71 616 748
Investec	40 109 889	44 309 053
Stanlib	117 520 173	110 229 516
FNB Retention	32 299 106	30 274 626
Accrued interest	2 600 623	2 005 812
<b>Total call investments</b>	<b>458 095 897</b>	<b>437 682 678</b>

### 9. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	810 000	-	810 000	810 000	-	810 000
Buildings	74 145 380	(21 585 855)	52 559 525	65 821 033	(19 123 452)	46 697 581
Machinery and Equipment	17 265 693	(9 961 596)	7 304 097	13 803 073	(8 700 763)	5 102 307
Furniture and Office Equipment	11 860 754	(7 853 974)	4 006 780	10 287 407	(7 102 751)	3 184 655
Transport Assets	38 207 436	(10 876 770)	27 330 666	29 736 770	(7 608 377)	22 128 394
Computer Equipment	9 347 931	(5 993 397)	3 354 534	8 867 562	(4 984 760)	3 882 801
Infrastructure: Roads, Pavements, Bridges and Stormwater	3 348 869	(1 432 098)	1 916 771	3 162 378	(1 150 375)	2 012 003
Construction work in progress	36 357 771	-	36 357 771	30 716 555	-	30 716 555
Leased assets	787 687	(306 248)	481 439	787 687	(43 840)	743 847
Infrastructure: Electricity	1 957 613	(661 618)	1 295 995	961 998	(580 867)	381 131
<b>Total</b>	<b>194 089 134</b>	<b>(58 671 556)</b>	<b>135 417 578</b>	<b>164 954 463</b>	<b>(49 295 185)</b>	<b>115 659 274</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016		2015				
<b>9. Property, plant and equipment (continued)</b>							
<b>Reconciliation of property, plant and equipment - 2016</b>							
	Opening carrying value	Additions	Disposals - Cost	Transfers	Disposals - Accum. Depn	Depreciation	Closing carrying value
Land	810 000	-	-	-	-	-	810 000
Buildings and Other Structures	46 697 581	-	-	8 324 348	-	(2 462 404)	52 559 525
Machinery and Equipment	5 102 310	3 059 606	-	403 014	-	(1 260 833)	7 304 097
Furniture and Office Equipment	3 184 656	1 518 239	(35 944)	91 053	14 789	(766 013)	4 006 780
Transport Assets	22 128 393	8 470 666	-	-	-	(3 268 393)	27 330 666
Computer Equipment	3 882 802	490 625	(10 256)	-	1 391	(1 010 028)	3 354 534
Infrastructure: Roads, Pavements, Bridges and Stormwater	2 012 003	-	-	186 491	-	(281 723)	1 916 771
Construction work in progress	30 716 555	15 641 737	-	(10 000 521)	-	-	36 357 771
Leased Assets	743 847	-	-	-	-	(262 408)	481 439
Infrastructure: Electricity	381 131	-	-	995 615	-	(80 751)	1 295 995
	<b>115 659 278</b>	<b>29 180 873</b>	<b>(46 200)</b>	<b>-</b>	<b>16 180</b>	<b>(9 392 553)</b>	<b>135 417 578</b>

### Reconciliation of property, plant and equipment - 2015

	Opening carrying value	Additions	Disposals - Cost	Disposals - Accum. Depn	Depreciation	Closing carrying value
Land	300 000	510 000	-	-	-	810 000
Buildings and Other Structures	48 882 609	-	-	-	(2 185 028)	46 697 581
Machinery and Equipment	3 946 936	1 419 551	(36 440)	34 874	(262 611)	5 102 310
Furniture and Office Equipment	3 512 629	185 753	(128 123)	112 746	(498 349)	3 184 656
Transport Assets	16 240 384	8 371 570	(605 884)	360 057	(2 237 734)	22 128 393
Computer Equipment	5 150 155	1 025 848	(1 135 411)	1 100 131	(2 257 921)	3 882 802
Infrastructure: Roads, Pavements, Bridges and Stormwater	2 284 373	-	-	-	(272 370)	2 012 003
Construction work in progress	17 810 171	12 906 384	-	-	-	30 716 555
Leased assets	26 889	787 687	(920 200)	920 199	(70 728)	743 847
Infrastructure: Electricity	412 135	-	-	-	(31 004)	381 131
	<b>98 566 281</b>	<b>25 206 793</b>	<b>(2 826 058)</b>	<b>2 528 007</b>	<b>(7 815 745)</b>	<b>115 659 278</b>

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

Included in property, plant and equipment are assets which have been fully depreciated but still in use. These assets are held at R1 each.

There was a reclassification of asset classes i.t.o mSCOA as well as a correction of error (see note: 33)

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 584 292	(1 001 115)	583 177	1 584 292	(827 701)	756 591

#### Reconciliation of intangible assets - 2016

	Opening carrying value	Amortisation	Closing carrying value
Computer software, other	756 591	(173 414)	583 177

#### Reconciliation of intangible assets - 2015

	Opening carrying value	Amortisation	Closing carrying value
Computer software, other	851 117	(94 526)	756 591

### 11. Other financial liabilities

#### At amortised cost

Development Bank of South Africa 1996 @ 6 months JIBAR plus 2% redeemable at 30/09/2019	11 115 668	14 291 573
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#### Non-current liabilities

At amortised cost	7 712 670	10 797 738
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#### Current liabilities

At amortised cost	3 402 998	3 493 835
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#### Annuity loans - 2016

	Opening balance	Current year receipts	Redeemed during the year	Closing balance	Short term portion	Long term portion
DBSA: 1996 @ 6months JIBAR plus 2% redeemable at 30/09/2019	14 291 573	-	3 175 905	11 115 668	3 402 998	7 712 670
	<b>14 291 573</b>	<b>-</b>	<b>3 175 905</b>	<b>11 115 668</b>	<b>3 402 998</b>	<b>7 712 670</b>

#### Annuity loans - 2015

	Opening balance	Current year receipts	Redeemed during the year	Closing balance	Short term portion	Long term portion
DBSA: 1996 @ 6months JIBAR plus 2% redeemable at 30/09/2019	17 467 478	-	3 175 905	14 291 573	3 493 835	10 797 738
	<b>17 467 478</b>	<b>-</b>	<b>3 175 905</b>	<b>14 291 573</b>	<b>3 493 835</b>	<b>10 797 738</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>12. Finance lease liability</b>		
<b>Minimum lease payments due</b>		
- within one year	301 680	301 680
- in second to fifth year inclusive	226 260	527 940
	<u>527 940</u>	<u>829 620</u>
less: future finance charges	(42 237)	(99 579)
<b>Present value of minimum lease payments</b>	<u><b>485 703</b></u>	<u><b>730 041</b></u>
<b>Present value of minimum lease payments due</b>		
- within one year	267 921	244 338
- in second to fifth year inclusive	217 780	485 703
	<u><b>485 701</b></u>	<u><b>730 041</b></u>
Non-current liabilities	217 780	485 703
Current liabilities	267 921	244 338
	<u><b>485 701</b></u>	<u><b>730 041</b></u>
<b>13. Trade and other payables from exchange transactions</b>		
Payables and accruals	15 357 830	15 700 980
Retentions	14 732 388	19 554 531
Leave accrual	6 620 822	5 151 077
Unallocated deposits	4 296	8 000
	<u><b>36 715 336</b></u>	<u><b>40 414 588</b></u>
<b>14. Consumer deposits</b>		
Rental properties	<u>14 270</u>	<u>10 320</u>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>15. Defined benefit obligation</b>		
<b>Projected accrued liability</b>		
The post-employment medical aid benefits are provided for retired employees and their legitimate spouses and is paid monthly. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The provision is an estimate of the liability based on historical staff turnover and life expectancy of the relevant people and is discounted by using the inflation rate at the reporting date. The following is a reconciliation of the unfunded accrued liability:		
Opening balance	13 798 769	12 684 320
Current service cost	1 085 182	1 008 035
Interest cost	1 261 079	1 172 467
Actuarial gain/(loss)	121 970	(926 313)
Expected employer benefit payments	(120 360)	(139 740)
<b>Total liability</b>	<b>16 146 640</b>	<b>13 798 769</b>
Current portion of liability	161 460	120 360
Non-current portion of liability	15 985 180	13 678 409
<b>Total post-retirement medical benefit liability</b>	<b>16 146 640</b>	<b>13 798 769</b>

### Valuation method

The method used is called the "Projected unit credit method". Under this method the accrued service liabilities are determined by projecting all future payments which will be made by the employer in respect of benefits accrued up to the valuation date. Assumptions are made in respect of, inter-alia, medical scheme contribution increases, withdrawals, deaths and ill-health, early and normal retirements. These payments are discounted at the valuation rate of discount to determine the present value of the liabilities at the valuation date.

### Key financial assumptions

The following key financial assumptions were used to calculate the unfunded accrued liability and the expense figures for the current financial year:

Assumption	2016 value p.a.	2015 value p.a.
Discount rate	9,40%	9,18%
Health care cost inflation rate	8,44%	8,27%
Net effective discount rate	0,89%	0,84%
Salary inflation rate	7,94%	7,21%

### Sensitivity Analysis

The liability at the Valuation Date was recalculated to show the effect of:

- A 1% increase and decrease in the assumed rate of health care cost inflation;
- A 1% increase and decrease in the discount rate;
- A one-year age reduction in the assumed rates of post-retirement mortality;
- A one-year decrease in the assumed average retirement age; and
- A 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand 2016 2015

### 15. Defined benefit obligation (continued)

The table below summarises the results of the sensitivity on the accrued liability:

	Changes in assumptions	In-service R'Million	Continuation R'Million	Total R'Million	% change
Central assumptions		13,753	2,394	16,147	
Health care inflation	+1%	14,876	2,518	17,394	8 %
	-1%	12,231	2,264	14,495	-10 %
Discount rate	+1%	11,594	2,191	13,785	-15 %
	-1%	16,528	2,629	19,157	19 %
Post retirement mortality	-1 yr	14,153	2,481	16,634	3 %
Average retirement age	-1 yr	14,910	2,394	17,304	7 %
Continuation of membership at retirement	-10%	12,406	2,394	14,800	-8 %

The table below summarises the results of the sensitivity analysis on the current service and interest costs for the year ending 30 June 2016:

	Changes in assumptions	Service cost R'000s	Interest cost R'000s	Total cost R'000s	% change
Central assumptions		1 085	1 261	2 346	
Health care inflation	+1%	1 379	1 493	2 872	22 %
	-1%	856	1 072	1 928	-18 %
Discount rate	+1%	867	1 191	2 058	-12 %
	-1%	1 378	1 336	2 714	16 %
Post retirement mortality	-1 yr	1 121	1 305	2 426	3 %
Average retirement age	-1 yr	1 176	1 348	2 524	8 %
Continuation of membership at retirement	-10%	981	1 156	2 137	-9 %

### Reconciliation of movement in post-employment medical aid benefit provision

Balance at the beginning of the year	13 678 409	12 544 580
Contributions to post employment medical aid benefit	2 347 871	1 114 449
Transfer to current post employment medical aid benefit	(41 100)	19 380
<b>Balance at the end of year</b>	<b>15 985 180</b>	<b>13 678 409</b>

### Post retirement medical benefits projection for the year

	Year ending 30 June 2017	Year ending 30 June 2016
Opening balance	16 146 640	13 798 769
Current service cost	1 577 037	1 085 182
Interest cost	1 510 939	1 261 079
Actuarial gain/(loss)	-	121 970
Expected employer benefit payments	(161 460)	(120 360)
<b>Total liability</b>	<b>19 073 156</b>	<b>16 146 640</b>
Current liability	175 084	161 460
Non-current liability	18 898 072	15 985 180
<b>Total liability</b>	<b>19 073 156</b>	<b>16 146 640</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand

### 15. Defined benefit obligation (continued)

Amounts for the current and previous four years are as follows:

	30-Jun-2016	30-Jun-2015	30-Jun-2014	30-Jun-2013	30-Jun-2012
Present value of accrual	16 146 640	13 798 769	12 684 320	9 815 000	7 231 000

### 16. Trade and other payables from non-exchange transactions

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Mpumalanga: Other Grants	-	3 993 669
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#### Movement during the year

Balance at the beginning of the year	3 993 669	1 000 000
Additions during the year	3 000 000	4 688 035
Income recognition during the year	(6 993 669)	(1 694 366)
	<u>-</u>	<u>3 993 669</u>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 21 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 17. Provision and impairment

Long service awards

Opening balance	1 247 286	1 433 888
Current service cost	278 850	232 948
Interest cost	99 823	114 928
Actuarial (gain)/loss	1 000 976	(431 480)
Expected employer benefit payments	(71 691)	(102 998)

<b>Total liability</b>	<u><b>2 555 244</b></u>	<u><b>1 247 286</b></u>
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Current portion of liability	309 804	71 691
Non-current portion of liability	2 245 440	1 175 595

<b>Total long-service benefit liability</b>	<u><b>2 555 244</b></u>	<u><b>1 247 286</b></u>
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#### Key financial assumptions

The following key financial assumptions were used to calculate the unfunded accrued liability and the expense figures for the current financial year:

Assumption	2016 value p.a.	2015 value p.a.
Discount rate	9,40%	9,18%
Health care cost inflation rate	8,44%	8,27%
Net effective discount rate	0,89%	0,84%
Salary inflation rate	7,94%	7,21%

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand 2016 2015

### 17. Provision and impairment (continued)

#### Sensitivity Analysis

The liability at the valuation date was recalculated to show the effect of:

- i) A 1% increase and decrease in the assumed general salary inflation rate;
- ii) A 1% increase and decrease in the discount rate;
- iii) A two-year decrease and increase in the assumed average retirement age of employees; and
- iv) A 50% decrease in the assumed withdrawal rates from service.

The table below summarises the results of the sensitivity on the accrued liability:

	Changes in assumptions	Liability R'Million	% change
Central assumptions		2,219	
General salary inflation	+1%	2,389	8 %
	-1%	2,067	-7 %
Discount rate	+1%	2,061	-7 %
	-1%	2,398	8 %
Average retirement age	-2 yrs	1,972	-11 %
	+2yrs	2,490	12 %
Withdrawal rates	-50%	2,842	28 %

The table below summarises the results of the sensitivity analysis on the current service and interest costs for the year ending 30 June 2016:

	Changes in assumptions	Service cost R'000s	Interest cost R'000s	Total cost R'000s	% change
Central assumptions		219	91	310	
Health care inflation	+1%	242	98	340	10 %
	-1%	198	84	282	-9 %
Discount rate	+1%	199	94	293	-5 %
	-1%	241	87	328	6 %
Average retirement age	-2 yrs	196	77	273	-12 %
	+2 yrs	242	105	347	12 %
Continuation of membership at retirement	-50%	337	119	456	47 %

#### Reconciliation of movement in long service awards provision

Balance at the beginning of the year	1 175 595	1 433 888
Contributions to long service benefit	1 379 649	(186 602)
Transfer to current long service benefit	(309 804)	(71 691)
<b>Balance at the end of year</b>	<b>2 245 440</b>	<b>1 175 595</b>

#### Long service award benefits projection for the year

	Year ending 30 June 2017	Year ending 30 June 2016
Opening balance	2 555 244	1 247 286
Current service cost	581 698	278 850
Interest cost	207 336	99 823
Actuarial gain/(loss)	-	1 000 976
Expected employer benefit payments	(309 804)	(71 691)
<b>Total liability</b>	<b>3 034 474</b>	<b>2 555 244</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015			
<b>17. Provision and impairment (continued)</b>					
Current liability	504 930	309 804			
Non-current liability	2 529 544	2 245 440			
<b>Total liability</b>	<b>3 034 474</b>	<b>2 555 244</b>			
Amounts for the current and previous four years are as follows:					
	<b>30-Jun-2016</b>	<b>30-Jun-2015</b>	<b>30-Jun-2014</b>	<b>30-Jun-2013</b>	<b>30-Jun-2012</b>
Present value of accrual	2 555 244	1 247 286	1 301 876	1 359 756	1 187 266
<b>18. Rental from Fixed Assets</b>					
<b>Non-market Related: Property Plant and Equipment</b>					
Buildings: Excluding Residential				102 472	89 466
<b>19. Operational Revenue</b>					
Administrative Handling Fees				138	-
Commission				15 559	-
Discounts and Early Settlements				-	68 261
Insurance Refund				38 646	-
Sundry Income				23 348	-
Staff Recoveries				60 490	-
				<b>138 181</b>	<b>68 261</b>
<b>20. Interest, Dividend and Rent on Land</b>					
<b>Interest income</b>					
Current and Non-current Assets: Short Term Investments and Call Accounts				37 662 869	30 613 302
Current and Non-current Assets: Bank Accounts				572 622	491 787
Receivables: SARS				-	1 290 837
				<b>38 235 491</b>	<b>32 395 926</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>21. Transfers and subsidies</b>		
<b>Operational</b>		
Equitable share	326 223 000	318 017 000
Municipal Systems Improvement Grant	930 000	934 000
Financial Management Grant	1 250 000	1 250 000
Local Government Water and Related Service SETA	359 792	129 591
Expanded Public Works Programme Integrated Grant for Municipalities	2 280 000	2 121 000
Mpumalanga: Other Grants	6 993 669	1 694 366
Public Corporations: Development Bank of South Africa	-	5 563 200
Private Enterprises: Mining Companies	-	526 774
	<u>338 036 461</u>	<u>330 235 931</u>
<b>Capital</b>		
Rural Road Asset Management Systems Grant	2 010 000	1 950 000
	<u>340 046 461</u>	<u>332 185 931</u>
<b>Conditional and Unconditional</b>		
Included in above are the following transfers and subsidies received:		
Conditional grants received: DoRA	6 470 000	6 384 591
Provincial Treasury grant	6 993 669	1 694 366
Unconditional grants received	326 582 792	318 017 000
Donations from private enterprises: Assets	-	526 774
Donations from public corporations: Monetary	-	5 563 200
	<u>340 046 461</u>	<u>332 185 931</u>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Municipal Systems Improvement Grant</b>		
Current-year receipts	930 000	934 000
Conditions met - transferred to revenue	(930 000)	(934 000)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 16).		
<b>Rural Road Asset Management Systems Grant</b>		
Current-year receipts	2 010 000	1 950 000
Conditions met - transferred to revenue	(2 010 000)	(1 950 000)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 16).		
<b>Financial Management Grant</b>		
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 16).		

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>21. Transfers and subsidies (continued)</b>		
<b>Local Government Water and Related Service SETA</b>		
Current-year receipts	332 165	129 591
Conditions met - transferred to revenue	(332 165)	(129 591)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
<b>Expanded Public Works Programme Integrated Grant for Municipalities</b>		
Current-year receipts	2 280 000	2 121 000
Conditions met - transferred to revenue	(2 280 000)	(2 121 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
<b>Mpumalanga: Other Grants</b>		
Balance unspent at beginning of year	3 993 669	1 000 000
Current-year receipts	3 000 000	4 688 035
Conditions met - transferred to revenue	(6 993 669)	(1 694 366)
	-	<b>3 993 669</b>
Conditions still to be met - remain liabilities (see note 16).		
<b>22. Revenue</b>		
Sale of goods	704 420	460 630
Rental of facilities and equipment	102 472	89 466
Operational revenue	138 181	68 261
Interest received	38 235 491	32 395 926
Transfers and subsidies	340 046 461	332 185 931
Fines, penalties and forfeits	2 440 138	1 571 706
	<b>381 667 163</b>	<b>366 771 920</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Sale of goods	704 420	460 630
Rental of facilities and equipment	102 472	89 466
Operational revenue	138 181	68 261
Interest received	38 235 491	32 395 926
	<b>39 180 564</b>	<b>33 014 283</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
Transfers and subsidies	340 046 461	332 185 931
Fines, Penalties and Forfeits	2 440 138	1 571 706
Licenses and permits	70 175	-
	<b>342 556 774</b>	<b>333 757 637</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>23. Employee related costs</b>		
Basic Salary and Wages	58 326 341	52 498 749
Social Contributions: Pension	8 357 225	6 889 734
Social Contributions: Medical	4 610 793	4 695 808
Social Contributions: Bargaining Council	16 264	-
Social Contributions: Group Life Insurance	467 887	389 907
Social Contributions: Unemployment Insurance	335 293	300 062
Allowance: Accommodation Travel and Incidental	22 821	-
Allowance: Overtime	2 680 445	1 305 539
Allowance: Leave Pay	3 027 538	-
Allowance: Travel or Motor Vehicle	6 426 917	5 007 002
Allowance: Cellular and Telephone	1 234 037	-
Allowance: Acting and Post Related Allowances	343 404	-
Allowance: Housing Benefits and Incidental: Housing Benefits	331 188	130 408
Allowance: Service Related Benefits: Long Service Award	1 389 376	(227 638)
Allowance: Service Related Benefits: Uniform/Special/Protective Clothing	-	39 526
Post-retirement Benefit: Medical	2 490 403	246 154
	<b>90 059 932</b>	<b>71 275 251</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	1 227 402	959 994
Performance Bonuses	84 000	-
Contributions to UIF, Medical and Pension Funds	303 328	215 199
Cellphone Allowance	39 600	93 810
Car Allowance	120 000	-
Leave pay	100 800	-
	<b>1 875 130</b>	<b>1 269 003</b>
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration	878 597	1 059 779
Car Allowance	122 500	120 000
Performance Bonuses	154 932	60 529
Contributions to UIF, Medical and Pension Funds	205 147	208 568
Cellphone Allowance	27 600	-
Leave Pay	58 933	-
Acting Allowance	7 016	-
	<b>1 454 725</b>	<b>1 448 876</b>
<b>Remuneration of Manager: Corporate Services</b>		
Annual Remuneration	822 797	56 505
Car Allowance	121 687	10 141
Contributions to UIF, Medical and Pension Funds	81 321	13 189
Acting Allowances	2 586	10 406
Cellphone Allowance	27 600	-
Leave Pay	49 642	-
	<b>1 105 633</b>	<b>90 241</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>23. Employee related costs (continued)</b>		
<b>Remuneration of Manager: Technical Services</b>		
Annual Remuneration	425 914	-
Car Allowance	172 858	-
Contributions to UIF, Medical and Pension Funds	96 285	-
Acting Allowances	-	16 416
Cellphone Allowance	24 468	-
	<b>719 525</b>	<b>16 416</b>
<b>Remuneration of Manager: Social Services</b>		
Annual Remuneration	765 295	673 898
Car Allowance	110 000	75 000
Performance Bonuses	20 463	-
Contributions to UIF, Medical and Pension Funds	110 949	54 895
Acting Allowances	15 794	108 020
Cellphone Allowance	26 800	-
Leave Pay	49 642	-
	<b>1 098 943</b>	<b>911 813</b>
<b>24. Remuneration of councillors</b>		
Councillors	8 104 701	7 695 300
Councillors' pension contribution	1 201 316	1 201 835
Councillors' medical and other contributions	3 575 612	3 793 901
	<b>12 881 629</b>	<b>12 691 036</b>
<b>Remuneration of the Executive Mayor</b>		
Annual Remuneration	588 257	584 158
Car Allowance	230 478	225 060
Cellphone allowance	24 468	25 251
Contributions to UIF, Medical and Pension Funds	100 626	98 308
	<b>943 829</b>	<b>932 777</b>
<b>Remuneration of the Speaker</b>		
Annual Remuneration	398 866	443 990
Car Allowance	156 796	174 411
Cellphone allowance	21 246	24 468
Contributions to UIF, Medical and Pension Funds	73 983	88 596
	<b>650 891</b>	<b>731 465</b>



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>24. Remuneration of councillors (continued)</b>		
<b>Remuneration of Chief Whip</b>		
Annual Remuneration	441 192	394 882
Car Allowance	172 858	160 600
Cellphone allowance	24 468	24 468
Contributions to UIF, Medical and Pension Funds	75 470	127 345
	<b>713 988</b>	<b>707 295</b>
<b>Remuneration of Mayoral Committee Members</b>		
Annual Remuneration	2 559 474	2 715 203
Car Allowance	1 037 150	982 306
Cellphone allowance	146 808	146 808
Contributions to UIF, Medical and Pension Funds	540 442	530 436
	<b>4 283 874</b>	<b>4 374 753</b>
<b>Remuneration of Other Councillors</b>		
Annual Remuneration	3 886 435	2 597 420
Car Allowance	1 436 307	1 025 319
Cellphone allowance	389 910	292 561
Contributions to UIF, Medical and Pension Funds	576 394	441 986
	<b>6 289 046</b>	<b>4 357 286</b>
<b>25. Depreciation and amortisation</b>		
Property, plant and equipment	9 392 550	7 815 745
Intangible assets	173 415	94 525
	<b>9 565 965</b>	<b>7 910 270</b>
<b>26. Interest, Dividend and Rent on Land</b>		
Interest Paid: Borrowings: Annuity Loans	1 461 877	3 193 529
Interest Paid: Finance Leases	57 341	17 889
	<b>1 519 218</b>	<b>3 211 418</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>27. Contracted services</b>		
<b>Consultants and Professional Services</b>		
Business and Advisory	11 070 555	9 534 498
Infrastructure and Planning	-	5 673 914
Laboratory Services	1 799 483	1 088 100
Legal Cost	1 391 086	3 172 064
<b>Contractors</b>		
Auctioneers	-	49 855
Audio-visual Services	33 800	-
Catering Services	414 737	-
Employee Wellness	277 280	104 987
Fire Protection	92 868	-
Gardening Services	477 108	383 458
Graphic Designers	94 230	-
Maintenance of Buildings and Facilities	5 683 827	3 986 037
Maintenance of Equipment	1 035 222	60 158
Maintenance of Unspecified Assets	2 380	2 889 861
Plants Flowers and Other Decorations	38 500	-
Safeguard and Security	1 500 529	-
Transportation	19 000	-
<b>Outsourced services</b>		
Administrative and Support Staff	1 955 822	-
Business and Advisory	3 297 341	16 022 532
Cleaning Services	1 663 040	1 070 430
Security Services	-	1 653 232
	<b>30 846 808</b>	<b>45 689 126</b>
<b>28. Transfers and subsidies paid</b>		
<b>Operational projects undertaken</b>		
Community and Social Services	2 332 254	1 235 209
Environmental Protection	1 375	-
Finance and Admin	14 095 776	7 970 045
Planning and Development	27 920 028	14 321 979
Public Safety	-	5 782 872
Road Transport	1 741 285	2 149 520
Sport and Recreation	602 168	46 152
Water	97 314	-
Other	-	1 688 035
	<b>46 790 200</b>	<b>33 193 812</b>
<b>Capital projects undertaken</b>		
Community and Social Services	430 356	-
Finance and Admin	500 000	31 300
Planning and Development	11 042 224	39 170 786
Public Safety	12 010 851	1 767 247
Road Transport	42 737 984	68 690 437
Sport and Recreation	11 474 616	-
Waste Water Management	11 735 142	6 152 728
Water	40 627 276	14 431 610
	<b>130 558 449</b>	<b>130 244 108</b>
	<b>177 348 649</b>	<b>163 437 920</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>28. Transfers and subsidies paid (continued)</b>		
<b>Transfers and subsidies paid classified by region</b>		
General	18 821 953	38 801 079
Dr JS Moroka	36 618 542	25 886 592
Emakhazeni	21 564 289	9 300 304
Emalahleni	23 932 900	42 340 044
Steve Tshwete	38 222 779	5 345 485
Thembisile Hani	21 523 435	30 997 915
Victor Khanye	16 664 751	10 766 501
	<b>177 348 649</b>	<b>163 437 920</b>
<b>29. Operational Costs</b>		
Advertising Publicity and Marketing	2 453 496	2 476 687
Bank Charges Facility and Card Fees	109 289	81 811
Bursaries (Employees)	-	1 816 460
Catering Municipal Activities	4 943 638	4 000 331
Communication	3 105 717	2 379 575
Courier and Delivery Services	1 361	-
External Computer Service	2 193 153	1 995 126
Insurance Underwriting	486 205	327 998
Learnerships and Internships	606 267	475 371
Municipal Services	2 549 186	2 042 465
Personnel Agency Fees (Personnel Recruitment Costs)	386 761	-
Printing, Publications and Books	1 498 598	3 120 210
Professional Bodies Membership and Subscription	308 974	54 730
Registration Fees	1 443 351	2 021 581
Skills Development Fund Levy	792 097	672 322
Toll Gate Fees	86 242	-
Transport Provided as Part of Departmental Activities	2 733 305	5 514 367
Travel Agency Fees	149 220	-
Travel and Subsistence	5 836 216	4 677 176
Uniform and Protective Clothing	73 575	-
Wet Fuel	889 139	802 813
Workmen's Compensation Fund	626 690	939 379
	<b>31 272 480</b>	<b>33 398 402</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>30. Cash generated from operations</b>		
Surplus	24 918 938	27 832 002
<b>Adjustments for:</b>		
Depreciation and amortisation	9 565 965	7 910 270
Loss/(Gain) on sale of assets and liabilities	(27 671)	188 760
Movements in employee benefits obligation	2 347 871	1 114 449
Movements in provisions	1 307 958	(54 590)
Donated assets	-	(526 774)
Less: Prior year accrued interest	(408 767)	(499 610)
Add: Current year accrued interest	317 938	408 767
<b>Changes in working capital:</b>		
Inventories	46 025 185	48 424 781
Trade and other receivables from exchange transactions	(133 375)	(557 602)
Construction contracts and receivables	4 000	(4 648)
Trade and other payables from exchange transactions	(3 699 252)	(17 374 397)
Value Added Tax receivable	(9 623 763)	7 682 685
Trade and other payables from non-exchange transactions	(3 993 669)	2 993 669
Consumer deposits	3 950	1 400
	<b>66 605 308</b>	<b>77 539 162</b>
<b>31. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Contracted and authorised by the accounting officer</b>		
• Nkangala	21 944 991	17 164 084
<b>Total capital commitments</b>	21 944 991	17 164 084
<b>Authorised operational expenditure</b>		
<b>Contracted and authorised by the accounting officer</b>		
• Victor Khanye	3 885 142	173 759
• Dr J S Moroka	9 542 648	9 315 159
• Emalahleni	10 020 374	20 374 773
• Steve Tshwete	5 909 103	6 433 113
• Emakhazeni	15 789 609	34 132 439
• Thembisile Hani	13 323 806	8 359 469
• Nkangala	6 929 071	13 404 765
	<b>65 399 753</b>	<b>92 193 477</b>
<b>Total operational commitments</b>	65 399 753	92 193 477
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	21 944 991	17 164 084
Authorised operational expenditure	65 399 753	92 193 477
	<b>87 344 744</b>	<b>109 357 561</b>

The district municipality entered into contracts with service providers to construct projects, which will subsequently be transferred to local municipalities on construction completion.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>32. Contingencies</b>		
The following contingent liabilities were disclosed due to litigations against the Municipality:		
J Ntuli	1 550 000	1 550 000
Thecon Projects CC	-	900 000
Turfmaster	-	207 067
Bakone Power CC	-	734 240
TC Makola	1 609 739	2 000 000
Khanda Seating (PTY) LTD	-	286 787
Pipe Jack Gauteng	1 898 455	1 898 455
Jacobus Bolton	-	10 484
North West Development Corporation	75 248	-
Diamond Ntuli	45 000	-
	<b>5 178 442</b>	<b>7 587 033</b>

The following are a summary of details of some of the contingent liabilities disclosed by the municipality.

J Ntuli: the plaintiff claimed damages pertaining to injuries allegedly sustained when she fell into a trench dug number 672 Vuka Section, Boekebhout on 17 January 2012.

TC Makola: the former municipal manager filed a lawsuit against the municipality for unfair dismissal.

North West Development Corporation: filed a lawsuit against the municipality for arrears in rentals emanating from the period of extension of the lease. The municipality is disputing this saying the lease was legally extended as per the previous agreement.

### Contingent assets

The municipality does not have any contingent assets.

### 33. Prior period errors

Service projects amounting to R7,450,208.51 (2014: R2,653,678.66 and 2015: R4,796,529.85) being undertaken by the District Municipality on behalf of Local Municipalities were included as WIP inventory when the amounts should have been expensed as per GRAP 12.

An asset with a carrying amount of R35,624.39 was erroneously disposed off for R30,000.00 during the 2014/15 financial year in place of another asset with a carrying amount of R194,807.03.

A wheelchair lift costing R91,053.50 was paid for by the Municipality was erroneously expensed instead of being accounted for as an asset.

The long-service benefit liability was recalculated as the 5 year milestone was not factored in the calculation previously. This resulted in the increase in the liability by R119,919.

Advert costs amounting to R8,257.50 which were included in construction work-in-progress did not materialise and were therefore expensed.

Accrued interest on the primary bank account of R21,241 was not accounted for as income in the 2014/15 financial year.

Interest received amounting to R11,222.29 from SARS for May 2015 was not accounted for in the prior year.

The correction of the error(s) results in adjustments as follows:

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>33. Prior period errors (continued)</b>		
<b>Statement of financial position</b>		
Property, plant and equipment	-	(76 377)
Inventory	-	(7 450 209)
Provision and impairment: Current portion	-	(18 371)
Provision and impairment: Non-current portion	-	(101 548)
Opening Accumulated Surplus or Deficit	-	2 653 679
Cash and cash equivalents	-	21 241
VAT Receivable	-	11 222
	-	<b>(4 960 363)</b>
<b>Statement of Financial Performance</b>		
Interest, Dividend and Rent on Land: Interest income	-	(32 463)
Transfers and subsidies	-	4 796 530
Gain/Loss on disposal of assets	-	159 173
Employee related costs	-	119 919
Contracted services	-	(91 054)
Operational costs	-	8 258
	-	<b>4 960 363</b>

### 34. Comparative figures and reclassifications

Certain comparative figures have been reclassified.

The purpose of these reclassifications was to align the comparative figures to the current year which was prepared for compliance with the mSCOA Regulation.

The effects of the reclassification are as follows:

#### Statement of financial position - extract

	Comparative figures previously reported	Reclassification	After reclassification
<b>Current assets</b>			
Other receivables from exchange transactions	21 588	(11 179)	10 409
Construction contracts and receivables	-	4 648	4 648
<b>Current liabilities</b>			
Payables from exchange transactions	(20 876 905)	(19 537 680)	(40 414 585)
Employee benefits/Defined benefit obligation	(173 679)	53 319	(120 360)
Retentions	(19 554 531)	19 554 531	-
Consumer deposits	-	(10 320)	(10 320)
Provisions and impairment	-	(53 319)	(53 319)
<b>Non-current liabilities</b>			
Employee benefits	(14 752 457)	1 074 048	(13 678 409)
Provisions and impairment	-	(1 074 048)	(1 074 048)
<b>Total</b>	<b>(55 335 984)</b>	<b>-</b>	<b>(55 335 984)</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand

### 34. Comparative figures and reclassifications (continued)

#### Statement of financial performance - extract

	Comparative figures previously reported	Reclassification	After reclassification
<b>Revenue from exchange transactions</b>			
Interest earned - outstanding receivables	1 279 615	(1 279 615)	-
Interest earned - external investments	31 083 847	(31 083 847)	-
Interest, dividend and rent on land	-	32 363 462	32 363 462
Operational revenue	-	68 261	68 261
<b>Revenue from non-exchange transactions</b>			
Government grants and subsidies	325 966 366	(325 966 366)	-
Public contributions and donations	5 563 200	(5 563 200)	-
Donated assets received	526 774	(526 774)	-
Other revenue	1 769 559	(1 769 559)	-
Transfers and subsidies	-	332 185 931	332 185 931
Fines, penalties and forfeits	-	1 571 707	1 571 707
<b>Expenditure</b>			
Employee related costs	(73 261 494)	3 385 685	(69 875 809)
Repairs and maintenance	(8 132 246)	8 132 246	-
Contracted services	-	(47 042 548)	(47 042 548)
Grants and subsidies paid	(161 930 453)	161 930 453	-
General expenses	(66 881 992)	66 881 992	-
Inventory consumed	-	(1 137 736)	(1 137 736)
Operational costs	-	(33 390 147)	(33 390 147)
Transfers and subsidies	-	(157 379 017)	(157 379 017)
Actuarial gains and losses	1 380 928	(1 380 928)	-
<b>Total</b>	<b>57 364 104</b>	<b>-</b>	<b>57 364 104</b>

Certain notes to the comparative amounts have not been reclassified as it was not cost effective and it does not affect the disclosure materially.

### 35. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's risk management policies are established and analyse the risks faced by the municipality, to set up limits and controls to monitor risks and adherence to limits. The risk management policy is reviewed annually and a risk assessment is performed annually and monitored regularly to effect changes in the municipality's activities and risk profile.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand

### 35. Risk management (continued)

#### Liquidity risk

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	3 402 998	-	-	-
Derivative financial instruments	267 922	217 780	-	-

  

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	3 493 835	3 085 068	7 712 670	-
Finance lease liability	244 338	267 922	217 780	-

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the council.

Nkangala district Municipality manages its credit risk in its borrowing and investing activities by dealing with A+ rated financial institutions and by spreading its exposure over a wide range of financial institutions in accordance with the approved cash and investment policy of Council.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2016	2015
Trade and other receivables from exchange transactions	143 786	10 411
Investments	40 862 493	36 657 036
Cash and cash equivalents	462 348 011	432 700 749
Construction contracts and receivables	648	4 648

#### Market risk

##### Interest rate risk

Nkangala District Municipality is exposed to interest rate risk on one of its long term borrowings, namely the Development Bank of South Africa loan conditions set on 6 months JIBAR - 2%. There is no risk on the long term borrowing with INCA as it is at a fixed rate.

Nkangala District Municipality has a long term investment in the form of a promissory note. The municipality's interest rate risk arises from long-term borrowings which are issued at variable rates thereby exposing the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

### 36. Going concern

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



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

Figures in Rand

### 37. Fruitless and wasteful expenditure

Opening balance	1 544	-
Add: Current year expenditure	12 843	1 544
	<u>14 387</u>	<u>1 544</u>

During the 2014/15 financial year accommodation was booked for two advocates to represent NDM at a CCMA case in Southern Sun - The Ridge Hotel. The advocates did not show up and the hotel charged a no show fee of R1,544 for the rooms not taken up. The matter will be referred to Council Committee for investigation.

During the current financial year, an advert was erroneously placed in the newspapers seeking for public comments on the draft unaudited annual report. The municipality paid an amount of R12,843 and the matter was referred to Council Committee for investigation and Council resolved that the amount be recovered.

### 38. Irregular expenditure

Opening balance	14 735 720	54 700
Add: Irregular Expenditure - prior year	-	10 567 103
Add: Irregular Expenditure - current year	1 880 087	12 246 916
Less: Amounts recovered	(144 157)	-
Less: Amounts written off by Council	(16 408 331)	(8 132 999)
Less: Amount transferred to debtors (to be recovered)	(63 319)	-
	<u>-</u>	<u>14 735 720</u>

Refer to the annexure for additional disclosure on irregular expenditure.

### 39. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	1 202 611	1 773 102
Amount paid - current year	(1 202 611)	(1 773 102)
	<u>-</u>	<u>-</u>

#### Audit fees

Current year subscription / fee	3 524 165	3 280 441
Amount paid - current year	(3 524 165)	(3 280 441)
	<u>-</u>	<u>-</u>

#### PAYE and UIF

Current year subscription / fee	16 164 855	12 645 765
Amount paid - current year	(16 164 855)	(12 645 765)
	<u>-</u>	<u>-</u>

#### Pension and Medical Aid Deductions

Current year subscription / fee	19 251 399	15 787 269
Amount paid - current year	(19 251 399)	(15 787 269)
	<u>-</u>	<u>-</u>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2016

## Notes to the Annual Financial Statements

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Figures in Rand

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### **40. Deviation from supply chain management regulations**

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

## Nkangala District Municipality

Annexure: Deviation report for the 2015/16 financial year

NO.	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	DATE OF DECISION	REASONS FOR DEVIATION			PAYMENT	
						DEPARTMENT	AM: SCM	DEPUTY CFO	ORDER NUMBER	PAYMENT NO
1	AIRTIME ON VARIOUS RADIO STATIONS FOR THE STATE OF THE DISTRICT ADDRESS 2015	PUBLIC LIASON OFFICE	IKWEKWEZI FM	R 65 000,00	01-Jul-15	SERVICE PROVIDED FROM A SINGLE SERVICE PROVIDER BASED ON LANGUAGE	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		19796	EF070514-0005
2			EMALAHLENI FM	R 25 060,00					19794	EF070550-0004
3			MOUTSE COMMUNITY STATION	R 24 350,00					19795	EF070498-0006
4	ADVERTISEMENT OF THE STATE OF THE STATE OF THE DISTRICT ADDRESS ON SOWETAN AND MIDDELBURG OBSERVER NEWSPAPER COLUOR MAIN BODY	PUBLIC LIASON OFFICE	BASADZI PERSONNEL	R 37 848,26	01-Jul-15	SODA WAS FINALIZED ON THE 1-7-15 AND WILL BE HELD ON THE 10-7-15. THEREFORE IT WAS IMPOSSIBLE TO MAKE A 7 DAYS COMPETITIVE BIDDING	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		19792	EF070496-0014
5	ANNUAL SERVICE OF THE NDM BACK-UP GENERATOR AND UPS SYSTEM	TECHNICAL SERVICES	POWER DEVELOPMENT SERVICES	R 26 500,00	08-Jul-15	GENERATOR RAN OUT OF DIESEL AND UPS BATTERIES RAN FLAT.	REPAIRS AND MAINTENANCE - ON STRIP AND QUOTE		19789	EF070558-0006
6	UPS CALL OUT			R 4 104,00	10-Jul-15	CALL-OUT BASIS STRIP		19814	EF070482-0002	
7	REPAIR OF THE NDM LIFT	TECHNICAL SERVICES	OTIS	R 8 948,00	08-Jul-15	REPAIR OF BROKEN LIFT BY THE INITIAL INSTALLER (OTIS)	REPAIRS AND MAINTENANCE - ON STRIP AND QUOTE		19811	EF070475-0014
8	ASSESSMENT OF MANAGER SOCIAL SERVICES	CORPORATE SERVICES	WORK DYNAMICS	R 22 816,00	14-Jul-15	QUOTATIONS WERE REQUESTED FROM 2 REGISTERED SERVICE PROVIDERS (WORK DYNAMICS AND LEADTRAIN) ONLY WORK DYNAMICS RESPONDED AND THE SCHEDULED DATED WAS THE 16-7-15	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		19828	EF070512-0001
9	ACCOMODATION FOR MM ATTENDING PCF PLENARY MEETING	MUNICIPAL MANAGER'S OFFICE	SOUTHERN SUN EMNOTWENI	R 1 528,71	16-Jul-15	REGISTERED SERVICE PROVIDER THAT HAS GOT PARALEGIC ROOMS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		19832	EF070476-0010
10	PROCUREMENT OF ACCESS CARDS FOR OFFICIALS	TECHNICAL SERVICES	DENGARD SYSTEMS	R 6 210,00	21-Jul-15	SERVICES AVAILABLE FROM A SINGLE SERVICE PROVIDER - REMOTE ACCESS CARDS PROCESSOR	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		19884	EF070522-0004
11	CCMA HEARING	MAYOR'S OFFICE	ALLARDYCE AND PARTNERS	R 55 860,00	24-Jul-15	APPOINTED BY COUNCIL TO CONDUCT THE DISCIPLINARY HEARINGS	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		19902	EF070496-0003
12	SIGN LANGUAGE INTERPRETER FOR IDP/LED FORUM	DPU	DEAFSA	R 5 244,00	28-Jul-15	ONLY REGISTERED SERVICE RPOVIDER THAT CAN RENDER SUCH SERVICES	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		19892	EF070531-0002
13	ACCOMODATION FOR MM ATTENDING SALGA WOMAN'S LEKGOTLA	MUNICIPAL MANAGER'S OFFICE	SOUTHERN SUN EMNOTWENI	R 3 073,42	27-Jul-15	REGISTERED SERVICE PROVIDER THAT HAS GOT PARALEGIC ROOMS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		19889	EF070491-0001
14	LIBRARY PACKS	CORPORATE SERVICES	LEXIS NEXIS	R 20 856,49	30-Jul-15	SPECIALISES IN LEGISLATIVE POCKET BOOKS AND THE ONLY SUPPLIER OF REFERENCE LIBRARY BOOKS	GOODS AVAILABLE FROM A SINGLE SERVICE PROVIDER		19913	EF070523-0004

## Nkangala District Municipality

Annexure: Deviation report for the 2015/16 financial year

NO.	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	DATE OF DECISION	REASONS FOR DEVIATION			PAYMENT	
						DEPARTMENT	AM: SCM	DEPUTY CFO	ORDER NUMBER	PAYMENT NO
15	STEEL GUN SAFE BOX	MAYOR'S OFFICE	JACK & NICHOLUS STEEL	R 11 536,80	30-Jul-15	ONLY REGISTERED MANUFACTURE THAT CAN INSTALL THE SAFE BOX ON THE MAYOR'S OFFICE	POSSIBILITY THAT THE SECURITY OF THE STATE CAN BE COMPROMISED		19920	EF070535-0023
16	ACCOMODATION FOR THE MM ATTENDING THE PMC LEKGOTLA	MUNICIPAL MANAGER'S OFFICE	SOUTHERN SUN EMNOTWENI	R 3 927,87	31-Jul-15	REGISTERED SERVICE PROVIDER THAT HAS GOT PARALEGIC ROOMS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		19914	EF070493-0004
17	SERVICING OF THE UPS-LAPTOP FIRMWARE UPDATE	TECHNICAL SERVICES	POWER DEVELOPMENT SERVICES	R 5 600,00	13-Aug-15	SERVICING THE UPS LAPTOP FIRMWARE UPDATE - SERVICE AVAILABLE FROM SINGLE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		19994	
18	ACCOMODATION FOR THE MM ATTENDING PCF MEETING ON THE 10 AUGUST 2015	MUNICIPAL MANAGER'S OFFICE	SOUTHERN SUN EMNOTWENI	R 1 583,85	13-Aug-15	REGISTERED SERVICE PROVIDER THAT HAS GOT PARALEGIC ROOMS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		20056	EF070528-0002
19	RADIO ADVERTISEMENTS FOR THE WOMEN BUILDERS AWARDS	PUBLIC LIASON	MOUTSE RADIO	R 4 000,00	11-Aug-15	SERVICE PRODUCED FROM A SINGLE	SERVICE AVAILABLE FROM A SINGLE		19970	EF070547-0010
20			IKWEKWEZI FM	R 12 158,10	11-Aug-15				19968	EF070576-0010
21	ACCOMODATION FOR THE MM ATTENDING PEC LEKGOTLA MEETING ON THE 14-15 AUGUST 2015	MUNICIPAL MANAGER'S OFFICE	STAY EASY EMNOTWENI	R 2 618,58	07-Aug-15	REGISTERED SERVICE PROVIDER THAT HAS GOT PARALEGIC ROOMS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		REQ: 021510	
22	ADVERTISEMENT OF THE STATE OF THE STATE OF THE DISTRICT ADDRESS ON HERALD NEWSPAPER	PUBLIC LIASON OFFICE	THE HERALD	R 6 100,00	26-Aug-15	SERVICE PROVIDED FROM A SINGLE SERVICE PROVIDER BASED ON LANGUAGE PREFERENCE AND AREA OF JURISDICTION	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20090	EF070577-0008
23	ADVERTISEMENT OF THE STATE OF THE STATE OF THE DISTRICT ADDRESS ON CNI NEWSPAPER	PUBLIC LIASON OFFICE	CNI - COMMUNITY NEWSPAPER INITIATIVE	R 27 360,00	26-Aug-15	SERVICE PROVIDED FROM A SINGLE SERVICE PROVIDER BASED ON LANGUAGE PREFERENCE AND AREA OF JURISDICTION	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20089	EF070576-0001
24	ADVERTISEMENT OF THE STATE OF THE STATE OF THE DISTRICT ADDRESS ON MIDDELBURG EXPRESS NEWSPAPER	PUBLIC LIASON OFFICE	INSPIRENTAL TRADING	R 5 100,00	26-Aug-15	SERVICE PROVIDED FROM A SINGLE SERVICE PROVIDER BASED ON LANGUAGE PREFERENCE AND AREA OF JURISDICTION	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20084	EF070570-0008
25	ADVERTISEMENT OF THE BUILDERS WOMEN AWARDS	PUBLIC LIASON OFFICE	IKWEKWEZI FM	R 22 800,00	27-Aug-15	SERVICE PROVIDED FROM A SINGLE SERVICE PROVIDER BASED ON LANGUAGE PREFERENCE AND AREA OF JURISDICTION	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20064	EF070625-0005

**Nkangala District Municipality**

Annexure: Deviation report for the 2015/16 financial year

NO.	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	DATE OF DECISION	REASONS FOR DEVIATION			PAYMENT	
						DEPARTMENT	AM: SCM	DEPUTY CFO	ORDER NUMBER	PAYMENT NO
26	VIP TOILETS FOR THE BUILDERS WOMEN AWARDS	SOCIAL SERVICES	KAMSHENGU TRADING	R 12 000,00	27-Aug-15	EMERGENCY DUE TO NO WATER AT THE DISTRICT	EMERGENCY, POSSIBILITY OF INTERRUPTION OF ESSENTIAL SERVICES		20151	EF070547-0002
27	REPAIR OF A BURST WATER PIPE AT THE THEMBISILE HANI FIRE STATION	TECHNICAL SERVICES	IBANOTHANDO TRADING AND PROJECTS	R 12 450,00	02-Sep-15	CALL-OUT AND REPAIRS OF A BURST PIPE ATTHLM	REPAIRS AND MAINTENANCE - ON STRIP AND QUOTE		20131	EF070535-0018
28	SUBSCRIPTION OF THE STAR NEWSPAPER	FINANCE		R 29 006,25						
29	INCLUSION OF MR ME MASEKO IN THE NEWSPAPER SUBSCRIPTION TO RECEIVE INTERNAL WEEKLY NEWSPAPER	CORPORATE SERVICES	INDEPENDENT NEWSPAPER (THE STAR)	R 1 592,50	02-Sep-15	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20331	EF070590-0008
30	ADVERTISEMENT OF HERITAGE AND TOURISM MONTH CELEBRATION	PUBLIC LIASON	IKWEKWEZI FM	R 22 800,00	08-Sep-15	SERVICE PROVIDED FROM A SINGLE SERVICE PROVIDER BASED ON LANGUAGE PREFERENCE AND AREA OF JURISDICTION	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20154	EF070576-0010
31	ANNUAL SUBSCRIPTION OF MR BALOYI AND MS KEKANA ON THE INSTITUTE OF RISK MANAGEMENT SOUTH AFRICA	RISK MANAGEMENT UNIT	THE INSTITUTE OF RISK MANAGEMENT SOUTH AFRICA	R 2 658,00	09-Sep-15	SOLE SUPPLIER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20186	EF070547-0015
32	CONFERENCE FEES FOR THE INSTITUTE OF RISK MANAGEMENT SOUTH AFRICA			R 15 162,00	10-Sep-15			20184		
33	ADVERTISEMENT OF COMMUNITY OUTREACH MEETINGS	PUBLIC LIASON	IKWEKWEZI FM	R 24 624,00	09-Sep-15	SERVICE PROVIDED FROM A SINGLE SERVICE PROVIDER BASED ON LANGUAGE PREFERENCE AND AREA OF JURISDICTION	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20162	DELETED
34	ADVERTISEMENT OF THE	PUBLIC LAISON	IKWEKWEZI FM	R 22 800,00	14-Sep-15	SERVICE PROVIDED FROM A SINGLE	SERVICE AVAILABLE FROM A SINGLE		20210	EF070625-0005
35	EMERGENCY OPEN DAY IN DR JS		MOUTSE	R 18 000,00					20211	EF070559-0028
36	ADVERTISEMENT OF COMMUNITY OUTREACH MEETINGS	PUBLIC LIASON	IKWEKWEZI FM	R 22 800,00	21-Sep-15	SERVICE PROVIDED FROM A SINGLE SERVICE PROVIDER BASED ON LANGUAGE PREFERENCE AND AREA OF JURISDICTION	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20266	EF070576-0010
37	CATERING FOR 150 PEOPLE FOR THE COMMUNITY OUTREACH MEETING AT EMALAHLENI LM	PUBLIC PARTICIPATION	KOHANG TRADING	R 6 750,00	28-Sep-15	ATTENDANCE EXCEEDED THE NUMBER OF PEOPLE ESTIMATED TO COME TO THE MEETING. THEREFORE, IT WAS IMPRACTICAL TO FOLLOW THE PROCUREMENT PROCESS.	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		20340	EF070568-0007

## Nkangala District Municipality

Annexure: Deviation report for the 2015/16 financial year

NO.	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	DATE OF DECISION	REASONS FOR DEVIATION			PAYMENT	
						DEPARTMENT	AM: SCM	DEPUTY CFO	ORDER NUMBER	PAYMENT NO
38	CATERING FOR 150 PEOPLE FOR THE COMMUNITY OUTREACH MEETING AT EMALAHLENI LM	PUBLIC PARTICIPATION	NTHOKOZO CATERING & PROJECTS	R 6 750,00	28-Sep-15	ATTENDANCE EXCEEDED THE NUMBER OF PEOPLE ESTIMATED TO COME TO THE MEETING. THEREFORE, IT WAS IMPRACTICAL TO FOLLOW THE PROCUREMENT PROCESS.	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		20341	EF070570-0007
39	CPMD TRAINING FOR MR JE NKOSI AND MS M SHABANGU	CORPORATE SERVICES	WITS BUSINESS SCHOOL	R 57 000,00	30-Sep-15	4 ADDITIONAL MODULES THAT THE OFFICIALS HAD TO DO FROM THE TRAINING THAT WAS CONDUCTED BY THE SUPPLIER	SERVICES AVAILABLE FROM A SINGLE SERVICE PROVIDER AND IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		20342	EF070660-0001
40	CCMA HEARING	MAYOR'S OFFICE	ALLARDYCE AND PARTNERS	R 103 250,00	08-Oct-15	APPOINTED BY COUNCIL TO CONDUCT THE DISCIPLINARY HEARINGS	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20449	EF070618-0001
41	SIGN LANGUAGE INTERPRETER FOR IDP/LED FORUM	TRANSVERSAL UNIT	DEAFSA	R 2 622,00	19-Oct-15	REGISTERED SERVICE PROVIDER THAT CAN RENDER SUCH SERVICES	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20448	EF070644-0003
42	SAESI BRANCH MEETING AT ZITHABISENI RESORT AND CONFERENCE CENTRE	SOCIAL SERVICES	ZITHABASENI RESORT AND	R 9 630,00	15-Oct-15	MARCE AND SIMUNYE SPONSORED THE EVENT AT ZITHABISENI AND NDM HAD TO PAY THE DIFFERENCE	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		20465	EF070597-0003
43	ANNUAL SUBSCRIPTION IDP REVIEW	DPU	IH INFORMATION AND INSIGHT	R 92 112,00	21-Oct-15	SOLE SUPPLIER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20982	EF070713-0002
44	WATER PROVISIONING FOR MOLOTO, ENKELDOORNOOG C , KWAMHLANGA, PHOLA PARK, MOUNTAIN VIEW, SHELDON AND ZAKHENIAREAS	TECHNICAL SERVICES	NOMSA ELECTRICAL	R 1 282 500,00	05-Oct-15	EMERGENCY	EMERGENCY, POSSIBILITY OF INTERRUPTION OF ESSENTIAL SERVICES		NO ORDER	TO21182
45	MUNICIPAL FINANCE MANAGEMENT PROGRAMME FOR FINANCE OFFICIALS	CORPORATE SERVICES	UNIVERSITY OF PRETORIA	R 528 000,00	14-Oct-15	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER			20739	EF070661-0003
46	PAYMENT OF THE FACILITATOR FOR THE MFMP TRAINING	CORPORATE SERVICES	UNIVERSITY OF PRETORIA	R 92 796,00	16-Nov-15	IMPRACTICAL TO FOLLOW PROCUREMENT PROCESS SINCE THE TRAINING IS BEING CONDUCTED BY UNIVERSITY OF PRETORIA	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		20602	EF070697-0006
47	REPAIR AND MAINTENANCE OF NISSAN VEHICLES HMY522/507MP	SOCIAL SERVICES	ROB'S NISSAN	R 18 250,42	16-Nov-15	REPAIRS AND MAINTENANCE - ON STRIP AND QUOTE	REPAIRS AND MAINTENANCE - ON STRIP AND QUOTE		20662	EF070630-0005
48	BROADCASTING OF THE INVESTMENT SUMMIT ON RADIO	LED	RISE FM	R 49 680,00	19-Nov-15	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER	SOLE SUPPLIER FOR THE TARGETED AUDIENCE		NO ORDER	TO021380

## Nkangala District Municipality

Annexure: Deviation report for the 2015/16 financial year

NO.	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	DATE OF DECISION	REASONS FOR DEVIATION			PAYMENT	
						DEPARTMENT	AM: SCM	DEPUTY CFO	ORDER NUMBER	PAYMENT NO
49	LEGAL FEES	CORPORATE SERVICES	NTULI NOBLE INC.	R 104 363,08	25-Nov-15	SERVICE PROVIDER HANDLING THE LITIGATION. THEREFORE, IT IS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		20656	EF070622-0003
50	MONTHLY MAINTENANCE	FINANCE	MUNSOFT PTY LTD	R 85 096,44	25-Nov-15	SERVICES AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20640	EF070661-0001
51	RADIO ADVERTISEMENTS FOR THE MAYORAL GAMES	PUBLIC LIASON	EMALAHLENI FM	R 12 560,00	25-Nov-15	LOCAL RADIO STATION THAT COVERS LARGE NUMBER OF AUDIENCE BECAUSE OF ITS LOCALITY	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20674	EF070628-0003
52	SIGN LANGUAGE INTERPRETER FOR IDP/LED FORUM	LED	DEAFSA	R 5 244,00	25-Nov-15	ONLY REGISTERED SERVICE RPOVIDER THAT CAN RENDER SUCH SERVICES	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20666	EF070632-0005
53	BACK UP GENERATOR REPAIRS AND MAINTENANCE	TECHNICAL SERVICES	POWER DEVELOPMENT SERVICES	R 7 560,00	30-Nov-15	CALL-OUT AND REPAIRS OF A UPS GENERATOR	REPAIRS AND MAINTENANCE - ON STRIP AND QUOTE		20731	EF070661-0004
54	ADVERTISEMENTS OF AWARENESS CAMPAIGN 16 DAYS OF ACTIVISM	PUBLIC LIASON OFFICE	EMALAHLENI FM	R 15 700,00	07-Dec-15	SERVICES AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20750	EF070661-0001
55	ADVERTISEMENT FOR CLEAN AUDIT CELEBRATION	PUBLIC LIASON OFFICE	MCRS	R 30 000,00	07-Dec-15	SERVICES AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20755	EF070676-0015
56	ADVERTISEMENT MORAL REGENERATION	PUBLIC LIASON OFFICE	EMALAHLENI FM	R 16 700,00	07-Dec-15	SERVICES AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER			
57	ANNUAL RENEWAL OF SUBSCRIPTION WITH LEXISNEXIS	CORPORATE SERVICES	LEXISNEXIS	R 22 512,47	15-Dec-15	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20901	EF070676-0012
58	DURBAN TOURISM INDABA EXHIBITION PARTICIPATION	LED	PURE GRIT PROJECTS	R 150 696,00	14-Dec-15	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		21066	EF070742-0007
59	MOTIVATIONAL SPEAKER FOR MRM CROSS EVENT FOR THE 31ST DECEMBER 2015	SOCIAL SERVICES	RISE UP & DO IT BUSINESS	R 50 000,00	17-Dec-15	SERVICES AVAILABLE FROM A SINGLE SERVICE PROVIDER AS PER THE TARGETED AUDIENCE GROUP	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20860	EF070672-0010
60	LIVE BROADCAST - NKANGALA DISTRICT MAYORAL OUTREACH	PUBLIC LAISON	MOUTSE COMMUNITY STATION	R 16 500,00	25-Jan-16	SERVICES AVAILABLE FROM A SINGLE SERVICE PROVIDER AS	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		20922	EF070683-0008
61	MEETINGS		EMALAHLENI FM	R 25 800,00		SERVICE PROVIDER AS	SERVICE PROVIDER		20921	EF070683-0004
62	SERVICING OF FIRE STATION VEHICLES (FTB903MP AND	SOCIAL SERVICES	BARLOWORLD TOYOTA MIDDELBURG	R 27 028,53	19-Feb-16	REPAIRS AND	REPAIRS AND		21050	EF070734-0005
63	CONTINUATION OF STUDIES OF NB MTSHALI	CORPORATE SERVICES	UNISA	R 30 797,32	10-Mar-16	MAINTENANCE - STRIP	MAINTENANCE - ON		21092	00001130
				R 2 780,00	24-Feb-16	SERVICES AVAILABLE FROM UNISA - ADDITIONAL MODULES THAT THE OFFICIAL HAD TO DO	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS			

## Nkangala District Municipality

Annexure: Deviation report for the 2015/16 financial year

NO.	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	DATE OF DECISION	REASONS FOR DEVIATION			PAYMENT		
						DEPARTMENT	AM: SCM	DEPUTY CFO	ORDER NUMBER	PAYMENT NO	
64	STEVE TSHWETE LOCAL MUNICIPALITY: CONSTRUCTION OF THE REMAINDER OF ROADS AND STROM WATER SYSTEM - KWAZAMOKUHLE	TECHNICAL SERVICES	NJ NKOSANA BUSINESS ENTERPRISES	R 2 746 500,12	25-Feb-16	EMERGENCY AND IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS	EMERGENCY AND IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		PROJECT		
65	CONTINUATION OF STUDIES FOR PB SITHOLE	CORPORATE SERVICES	WITS BUSINESS SCHOOL	R 28 500,00	01-Mar-16	SERVICES AVAILABLE FROM WITS - 4 ADDITIONAL MODULES	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		21066	EF070711-0004	
66	PROCUREMENT OF LIBRARY BOOKS	CORPORATE SERVICES	JUTA AND COMPANY	R 992,00	08-Mar-16	GOODS AVAILABLE FROM SINGLE SERVICE PROVIDER	GOODS AVAILABLE FROM SINGLE SERVICE PROVIDER, THEREFORE		REQ: 22809	DELETED	
67			SAICE	R 12 157,94					21474		
68			LEXINEXIS	R 7 058,34					21195	EF070772-0011	
69	SERVICING OF FIRE STATION VEHICLES (FTB903MP AND FTB704MP)	SOCIAL SERVICES	BARLOWORLD TOYOTA MIDDELBURG	R 27 028,53	19-Feb-16	REPAIRS AND MAINTENANCE - STRIP AND QUOTE	REPAIRS AND MAINTENANCE - ON STRIP AND QUOTE		21050	DELETED	
				PRICE CHANGED						2155	EF07034-0005
				R 30 797,32	10-Mar-16						
70	LIBRARY PACKS	CORPORATE SERVICES	LEXINEXIS	R 5 692,64	16-Mar-16	GOODS AVAILABLE FROM SINGLE SERVICE PROVIDER	GOODS AVAILABLE FROM SINGLE SERVICE PROVIDER, THEREFORE IT IS IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		21258	EF070772-0010	
71	CALL OUT	TECHNICAL SERVICES	THE GENERATOR KING	R 4 770,00	23-Mar-16	CALL-OUT TO ASSESS GENERATOR AT KWAMHLANGA FIRE STATION	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		21266	EF070740-0001	
72	REGISTRATION FEES FOR IMFO	CORPORATE SERVICES	IMFO	R 6 073,00	01-Apr-16	SOLE SUPPLIER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		21300	EF070744-0006	
73	PUBLICATION OF THEINVESTMENT SUMMIT ON Enca	LED	E SAT TV t/a Enca	R 250 000,00	12-Apr-16	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		21376	EF070811-0001	
74	REGISTRATION FOR NATIONAL MEMBERS ASSEMBLY: 19 - 20 MAY 2016, BOARDWALK CENTRE, PORT ELIZABETH, EASTERN CAPE	MAYOR'S OFFICE	SALGA	R 6 500,00	28-Apr-16	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		21469	EF070776-0001	
75	REGISTRATION FOR NATIONAL MEMBERS ASSEMBLY: 19 - 20 MAY 2016, BOARDWALK CENTRE, PORT ELIZABETH, EASTERN CAPE	MUNICIPAL MANAGER'S OFFICE	SALGA	R 13 000,00	04-May-16	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		21496	EF070778-0005	
76	SERVICING AND RESETING OF THE NDM ORDER PRINTER	FINANCE	MUNSOFT PTY LTD	R 6 708,90	12-May-16	SERVICING AND RESETING PRINTER SETTINGS AS PER SLA STANDARD PRINTER SUPPORT. TECHNICAL SUPPORT CALL ORDER PRINTER IS SUPPORTED BY ITNA CONTRACTED TO MUNSOFT	SERVICES AVAILABLE FROM SINGLE SERVICE PROVIDER AS PR SLA, THEREFORE IT IS IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		21639	EF070841-0017	



## Nkangala District Municipality

Annexure: Deviation report for the 2015/16 financial year

NO.	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	DATE OF DECISION	REASONS FOR DEVIATION			PAYMENT	
						DEPARTMENT	AM: SCM	DEPUTY CFO	ORDER NUMBER	PAYMENT NO
77	5TH ANNUAL AUDIT COMMITTEE CONFERENCE	INTERNAL AUDIT UNIT	NKONKI INC	R 21 660,00	27-May-16	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		21705	EF070836-0015
78	REGISTRATION FEE: ISAMAO CONFERENCE INSTITUTE OF SOUTH AFRICAN MUNICIPAL ACCOUNTING OFFICERS	MUNICIPAL MANAGER'S OFFICE	ISAMAO	R 5 000,00	23-Jun-16	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER	SERVICE AVAILABLE FROM A SINGLE SERVICE PROVIDER		21772	EF070835-0001
79	CONTINUATION OF STUDIES FOR MYENI SPL	SOCIAL SERVICES	SOUTHERN BUSINESS SCHOOL	R 6 850,00	09-May-16	SERVICES AVAILABLE FROM SINGLE SERVICE PROVIDER DUE TO TO THE CONTINUATION OF THE OFFICIAL'S STUDIES	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		21559	EF070813-0010
80	CONTINUATION OF STUDIES FOR THWALA AN	DPU	UNIVERSITY OF PRETORIA	R 12 500,00	17-Jun-16	SERVICES AVAILABLE FROM SINGLE SERVICE PROVIDER DUE TO TO THE CONTINUATION OF THE OFFICIAL'S STUDIES	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		1134	CHEQUE PAYMENT
81	IT GOVERNANCE FOR BOARD MEMBERS ABD SENIOR EXECUTIVES WORKSHOP	ICT	INTELLIGENT AFRICA	R 98 989,00	02-Jun-16	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS DUE TO THE NON-REPONSIVENESS OF THE COMPETITIVE BIDDING PROCESS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		21728	EF070827-0011
82	TRAINING FOR PRINSLOO EM	FINANCE	GLOBAL PROSPECTUS	R 12 990,00	05-May-16	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS	IT WAS IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS		21534	EF070792-0023

**2015 / 2016 REGISTER OF UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

**NKANGALA DISTRICT MUNICIPALITY**

NO	Date of discovery	Date reported to the Accounting Officer	Service Provider	Amount	Description of incident	Person liable (Official or Political office bearer)	Type of prohibited expenditure	Status						
								UI	DP	CC	TR	P	WO	General comments
<b>2015/16 Opening Balance (Audited)</b>				R 14 735 720,00										
<b>Additions for current year</b>				R 1 880 087,85										
1	2015-11-30	2015-11-30	Munsoft (Pty) Ltd	R 954 880,00	Appointment was made using a schedule of the existing SLA to assist with preparation of AFS using Caseware	Finance Dept.	Irregular expenditure	√					√	Clarity was sought from National Treasy but no response was received
2	2015-11-30	2015-11-30	Korotla Trading Enterprise	R 307 694,40	Supply and delivery of GIS System hardware and software were treated as separate procurement	DPU Unit	Irregular expenditure	√					√	Clarity was sought from National Treasy but no response was received
3	2015-11-30	2015-11-30	Hands on Lift (pty) Ltd	R 165 552,00	Quotation was only sourced from 1 service provider registered in NDM databse for service	MM's Office	Irregular expenditure	√					√	Management did not agree with the finding
4	2015-11-30	2015-11-30	ITNA	R 254 085,00	ITNA is the onkly service provider contracted by Munsoft to assist with backups.	IT Unit	Irregular expenditure	√					√	Management did not agree with the finding
5	2015-11-30	2015-11-30	Sdingokwethu (Pty) Ltd	R 45 100,00	Service provider shared the same adress and telephone number with the losing bidder in the same transactions	SCM Unit	Irregular expenditure	√					√	Matter was reported to SAPS who advised that there was no criminal element.
	2016-01-30	2016-01-30	Overpaid councillors above the prescribed Upper Limits	R 152 776,45	The amount of the overpayment was R152,776.45. Council has recovered R89,457 of the total amount as at the end of the financial year.									
<b>Closing balance as at 30 June 2016</b>				R 16 615 807,85										
<b>Amounts reported to Council and written Off</b>				R -16 408 331,40										
<b>Amounts reported to Council and recovered</b>				R -144 157,00										
<b>Amounts transferred to debtors to be recovered</b>				R -63 319,45										
<b>Final disclosure amount in AFS</b>				R -0,00										

**Abbreviations**

<b>UI:</b>	Irregular expenditure under investigation
<b>DP:</b>	Disciplinary process initiated against responsible person
<b>CC:</b>	Criminal charges laid with SAPS
<b>TR:</b>	Transferred to receivables for recovery
<b>P:</b>	Paid or in process of paying in installments
<b>WO:</b>	Written-off by Council as irrecoverable

# Nkangala District Municipality

Annexure: Ratio Analysis for the year ending 30 June 2016

RATIO		FORMULA	DATA SOURCE	NORM/ RANGE	INPUT DESCRIPTION	30-Jun-15	30-Jun-16	Comments on ratio
<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) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		7%	8%	
					Total Operating Expenditure	341 396 577,00	356 846 065,00	
					Taxation Expense	-	-	
					Total Capital Expenditure	25 215 051,00	29 180 873,00	
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) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0%	0%	
					PPE, Investment Property and Intangible Impairment	-	-	
					PPE at carrying value	115 659 278,00	135 425 594,00	
					Investment at carrying value	-	-	
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) × 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		6%	5%	
					Total Repairs and Maintenance Expenditure	7 027 110,00	6 719 049,00	
					PPE at carrying value	115 659 278,00	135 425 594,00	
					Investment Property at Carrying value	-	-	
<b>B. Debtors Management</b>								
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR	95%		63%	104%	
					Gross Debtors closing balance	10 413,00	14 403,00	
					Gross Debtors opening balance	43 303,00	10 413,00	
					Bad debts written Off	-	-	
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		-	-	
					Consumer Debtors Bad debts written off	15 000,00	-	
					Consumer Debtors Current bad debt Provision	-	-	
						-	-	
3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days		42,48	51,30	
					Gross debtors	10 413,00	14 403,00	
					Bad debts Provision	-	-	
					Billed Revenue	89 466,00	102 471,00	
<b>C. Liquidity Management</b>								

This information is unaudited and does not form part of the financial statements.

# Nkangala District Municipality

Annexure: Ratio Analysis for the year ending 30 June 2016

RATIO		FORMULA	DATA SOURCE	NORM/ RANGE	INPUT DESCRIPTION	30-Jun-15	30-Jun-16	Comments on ratio
1	Cash / Cost Coverage Ratio (Excl. 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	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		16,35	15,55	
					Cash and cash equivalents	432 400 749,00	462 348 011,00	
					Unspent Conditional Grants	3 993 669,00	1,00	
					Overdraft	-	-	
					Short Term Investments	36 657 036,00	-	
					Total Annual Operational Expenditure excl dpn..	341 396 577,00	356 846 065,00	
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		12,39996864	14,17	
					Current Assets	599 523 616,00	556 574 259,00	
					Current Liabilities	48 348 801,00	40 871 790,00	
<b>D. 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 00	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%		6%	2%	
					Interest Paid	1 591 218,00	3 211 418,00	
					Redemption	17 949 531,00	3 329 406,00	
					Total Operating Expenditure	341 396 577,00	356 846 065,00	
2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		4%	3%	
					Total Debt	14 535 911,00	11 601 370,00	
					Total Operating Revenue	366 739 456,00	381 889 373,00	
					Operational Conditional Grants- DoRa	6 384 591,00	6 794 808,00	
<b>E. 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%		N/A	N/A	The only reserve available is accumulated surplus which is equal to net assets
					Cash and cash Equivalents	432 379 506,00	462 348 011	
					Bank Overdraft	-	-	
					Short Term Investment	36 657 036,00	-	
					Long Term Investment	-	4 086 493,00	
					Unspent Grants	3 993 669,00	-	
					Net Assets	641 453 239,00	666 404 647	
					Share Premium	-	-	
					Share Capital	-	-	
					Revaluation Reserve	-	-	
Fair Value Adjustment Reserve	-	-						

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# Nkangala District Municipality

Annexure: Ratio Analysis for the year ending 30 June 2016

RATIO		FORMULA	DATA SOURCE	NORM/ RANGE	INPUT DESCRIPTION	30-Jun-15	30-Jun-16	Comments on ratio
					Accumulated Surplus	641 453 242,00	666 404 644	
<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 Asset	#NAME?		6,91%	6,52%	
					Total Operating Revenue	366 739 456,00	381 737 336,00	
					Depreciation - Revalued Portion <i>(Only populate if depreciation line item in the Statement of</i>			
					Total Operating Expenditure	341 396 577,00	356 846 065,00	
					Taxation Expense	-	-	
2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%	2	#DIV/0!	#DIV/0!	
					Total Electricity Revenue			Not applicable
					Total Electricity Expenditure			
3	Net Surplus /Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue × 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR			#DIV/0!	#DIV/0!	
					Total Water Revenue			Not applicable
					Total Water Expenditure			
4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue × 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR			#DIV/0!	#DIV/0!	
					Total Refuse Revenue			Not applicable
					Total Refuse Expenditure			
5	Net Surplus /Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR			#DIV/0!	#DIV/0!	
					Total Sanitation and Water Waste Revenue			Not applicable
					Total Sanitation and Water Waste Expenditure			Not applicable
<b>B. Distribution Losses</b>								
1	Electricity Distribution Losses (Percentage)	(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) × 100	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%		#DIV/0!	#DIV/0!	
					Number of units purchased and/or generated	-	-	Not applicable
					Number of units sold	-	-	Not applicable
2	Water Distribution Losses (Percentage)	(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / Number of Kiloliters Water Purchased or Purified × 100	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%		#DIV/0!	#DIV/0!	
					Number of kiloliters purchased and/or purified	-	-	Not applicable
					Number of kiloliters sold	-	-	Not applicable
<b>C. Revenue Management</b>								
		(Period under review's number of						

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# Nkangala District Municipality

Annexure: Ratio Analysis for the year ending 30 June 2016

RATIO		FORMULA	DATA SOURCE	NORM/ RANGE	INPUT DESCRIPTION	30-Jun-15	30-Jun-16	Comments on ratio
1	Growth in Number of Active Consumer Accounts	Active Debtor Accounts - previous period's number of Active Debtor Accounts)/ previous number of Active Debtor Accounts x 100	Debtors System	None	Number of Active Debtors Accounts (Previous)			
					Number of Active Debtors Accounts (Current)			
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue ) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR			6,45%	4,09%	
					CPI	5%	7%	
					Total Revenue (Previous)	344 531 607,00	366 739 456,00	
					Total Revenue (Current)	366 739 456,00	381 737 336,00	
3	Revenue Growth (%) - Excluding capital grants	(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 ) x 100	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-Year reports and AR			5,88%	3,54%	
					CPI	5%	7%	
					Total Revenue Excl.Capital (Previous)	344 531 607,00	366 739 456,00	
					Total Revenue Excl.Capital (Current)	364 789 456,00	379 727 336,00	
<b>D. Expenditure Management</b>								
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		50,17	75,52	
					Trade Creditors	15 700 980,00	15 357 830,00	
					Contracted Services	47 560 821,00	30 822 155,00	
					Repairs and Maintenance	7 027 110,00	8 833 867,00	
					General expenses-Operational cost	34 436 826,00	34 569 801,00	
					Transfers and subsidies	163 437 920	177 348 648	
					Capital Credit Purchases (Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment)	25 215 051,00	29 180 873	
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		4%	0%	
					Irregular, Fruitless and Wasteful and Unauthorised Expenditure	14 739 964,00	-	
					Total Operating Expenditure	341 396 577,00	356 846 065,00	
					Taxation Expense	-	-	
					25%	29%		
		Remuneration (Employee Related Costs and Councilors)	Statement of Financial Performance		Employee/personnel related cost	71 275 249,00	90 059 932,00	

This information is unaudited and does not form part of the financial statements.

# Nkangala District Municipality

Annexure: Ratio Analysis for the year ending 30 June 2016

RATIO		FORMULA	DATA SOURCE	NORM/ RANGE	INPUT DESCRIPTION	30-Jun-15	30-Jun-16	Comments on ratio
3	Remuneration as % of Total Operating Expenditure	Costs and Councilors Remuneration) /Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%	Councilors' Remuneration	12 691 036,00	12 881 627,00	
					Total Operating Expenditure	341 396 577,00	356 846 065,00	
					Taxation Expense	-	-	
4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		14%	9%	
					Contracted Services	47 560 821,00	30 846 808,00	
					Total Operating Expenditure	341 396 577,00	356846065	
					Taxation Expense	-	-	
<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	None		100%	100%	
					Internally generated funds	24 427 365,00	29 180 873,00	
					Borrowings	787 686,00	-	
					Total Capital Expenditure	25 215 051,00	29180873	
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		100%	100%	
					Internally generated funds	25 215 051,00	29 180 873,00	
					Total Capital Expenditure	25 215 051,00	29180873	
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		9%	10%	
					Total Revenue	366 739 456,00	381 737 336,00	
					Government grant and subsidies	330 235 931,00	340 046 461,00	
					Public contributions and Donations	-	-	
					Capital Grants	1 950 000,00	2 010 000,00	
<b>3. BUDGET IMPLEMENTATION</b>								
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%		76%	52%	
					Actual Capital Expenditure	25 215 051,00	29 180 873,00	
					Budget Capital Expenditure	33 345 914,00	56 488 191,00	
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%		79,01%	83,36%	
					Actual Operating Expenditure	341 396 577,00	356 846 065,00	
					Budget Operating Expenditure	432 067 376,00	428 101 940,00	
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		105,15%	105,36%	
					Actual Operating Revenue	366 739 456,00	381 737 336,00	
					Budget Operating Revenue	348 790 235,00	362 303 408,00	

This information is unaudited and does not form part of the financial statements.

## Nkangala District Municipality

Annexure: Ratio Analysis for the year ending 30 June 2016

RATIO		FORMULA	DATA SOURCE	NORM/ RANGE	INPUT DESCRIPTION	30-Jun-15	30-Jun-16	Comments on ratio
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		#DIV/0!	#DIV/0!	
					Actual Service Charges and Property Rates Revenue	-	-	Not applicable
					Budget Service Charges and Property Rates Revenue	-	-	Not applicable



# Nkangala District Municipality

## Appendix A

June 2016

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

	Cost				Accumulated depreciation				Carrying value Rand	
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Depreciation Rand		Closing Balance Rand
<b>Land and buildings</b>										
Land (Separate for AFS purposes)	810 000	-	-	-	810 000	-	-	-	-	810 000
Buildings (Separate for AFS purposes)	65 821 033	-	-	8 324 348	74 145 381	(19 123 452)	-	(2 462 403)	(21 585 855)	52 559 526
Construction work in progress	30 716 555	15 641 737	-	(10 000 521)	36 357 771	-	-	-	-	36 357 771
	<b>97 347 588</b>	<b>15 641 737</b>	-	<b>(1 676 173)</b>	<b>111 313 152</b>	<b>(19 123 452)</b>	-	<b>(2 462 403)</b>	<b>(21 585 855)</b>	<b>89 727 297</b>
<b>Infrastructure</b>										
Roads, Pavements & Bridges	3 162 378	-	-	186 491	3 348 869	(1 150 375)	-	(281 723)	(1 432 098)	1 916 771
Transmission & Reticulation	961 998	-	-	995 615	1 957 613	(580 867)	-	(80 751)	(661 618)	1 295 995
	<b>4 124 376</b>	-	-	<b>1 182 106</b>	<b>5 306 482</b>	<b>(1 731 242)</b>	-	<b>(362 474)</b>	<b>(2 093 716)</b>	<b>3 212 766</b>
<b>Other assets</b>										
Transport assets	29 736 770	8 470 667	-	-	38 207 437	(7 608 377)	-	(3 268 693)	(10 877 070)	27 330 367
Machinery and equipment	13 803 073	3 059 606	-	403 014	17 265 693	(8 700 763)	-	(1 260 833)	(9 961 596)	7 304 097
Computer Equipment	8 867 562	490 625	(10 256)	-	9 347 931	(4 984 760)	1 391	(1 010 028)	(5 993 397)	3 354 534
Furniture and office equipment	10 287 407	1 518 239	(35 944)	91 053	11 860 755	(7 102 751)	14 789	(766 013)	(7 853 975)	4 006 780
Leased assets	787 687	-	-	-	787 687	-	(43 480)	(262 408)	(305 888)	481 799
	<b>63 482 499</b>	<b>13 539 137</b>	<b>(46 200)</b>	<b>494 067</b>	<b>77 469 503</b>	<b>(28 396 651)</b>	<b>(27 300)</b>	<b>(6 567 975)</b>	<b>(34 991 926)</b>	<b>42 477 577</b>
<b>Total property plant and equipment</b>										
Land and buildings	97 347 588	15 641 737	-	(1 676 173)	111 313 152	(19 123 452)	-	(2 462 403)	(21 585 855)	89 727 297
Infrastructure	4 124 376	-	-	1 182 106	5 306 482	(1 731 242)	-	(362 474)	(2 093 716)	3 212 766
Other assets	63 482 499	13 539 137	(46 200)	494 067	77 469 503	(28 396 651)	(27 300)	(6 567 975)	(34 991 926)	42 477 577
	<b>164 954 463</b>	<b>29 180 874</b>	<b>(46 200)</b>	-	<b>194 089 137</b>	<b>(49 251 345)</b>	<b>(27 300)</b>	<b>(9 392 852)</b>	<b>(58 671 497)</b>	<b>135 417 640</b>
<b>Intangible assets</b>										
Computer software	1 584 292	-	-	-	1 584 292	(827 701)	-	(173 414)	(1 001 115)	583 177
	<b>1 584 292</b>	-	-	-	<b>1 584 292</b>	<b>(827 701)</b>	-	<b>(173 414)</b>	<b>(1 001 115)</b>	<b>583 177</b>
<b>Total</b>										
Land and buildings	97 347 588	15 641 737	-	(1 676 173)	111 313 152	(19 123 452)	-	(2 462 403)	(21 585 855)	89 727 297
Infrastructure	4 124 376	-	-	1 182 106	5 306 482	(1 731 242)	-	(362 474)	(2 093 716)	3 212 766
Other assets	63 482 499	13 539 137	(46 200)	494 067	77 469 503	(28 396 651)	(27 300)	(6 567 975)	(34 991 926)	42 477 577
Intangible assets	1 584 292	-	-	-	1 584 292	(827 701)	-	(173 414)	(1 001 115)	583 177
	<b>166 538 755</b>	<b>29 180 874</b>	<b>(46 200)</b>	-	<b>195 673 429</b>	<b>(50 079 046)</b>	<b>(27 300)</b>	<b>(9 566 266)</b>	<b>(59 672 612)</b>	<b>136 000 817</b>

# Nkangala District Municipality

## Appendix A

June 2016

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

	Cost				Accumulated depreciation					
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>										
Land (Separate for AFS purposes)	300 000	510 000	-	12 545	822 545	-	-	-	-	822 545
Buildings and other structures (Separate for AFS purposes)	65 821 033	-	-	-	65 821 033	(16 938 424)	-	(2 185 028)	(19 123 452)	46 697 581
	<b>66 121 033</b>	<b>510 000</b>	<b>-</b>	<b>12 545</b>	<b>66 643 578</b>	<b>(16 938 424)</b>	<b>-</b>	<b>(2 185 028)</b>	<b>(19 123 452)</b>	<b>47 520 126</b>
<b>Infrastructure</b>										
Roads, Pavements & Bridges	3 162 378	-	-	-	3 162 378	(878 005)	-	(272 370)	(1 150 375)	2 012 003
Electricity	961 998	-	-	-	961 998	(549 863)	-	(31 004)	(580 867)	381 131
	<b>4 124 376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 124 376</b>	<b>(1 427 868)</b>	<b>-</b>	<b>(303 374)</b>	<b>(1 731 242)</b>	<b>2 393 134</b>
<b>Other assets</b>										
Transport assets	21 971 084	8 371 570	(605 884)	-	29 736 770	(6 450 587)	1 100 131	(2 257 921)	(7 608 377)	22 128 393
Machinery and equipment	12 419 962	1 419 551	(36 440)	-	13 803 073	(8 473 026)	34 874	(262 611)	(8 700 763)	5 102 310
Computer equipment	8 977 125	1 025 848	(1 135 411)	-	8 867 562	(3 107 083)	360 057	(2 237 734)	(4 984 760)	3 882 802
Furniture and office equipment	10 229 777	185 753	(128 123)	-	10 287 407	(6 717 148)	112 746	(498 349)	(7 102 751)	3 184 656
Leased assets	920 200	787 687	(920 200)	-	787 687	(893 311)	920 200	(70 729)	(43 840)	743 847
Construction work in progress	17 801 913	12 914 642	-	-	30 716 555	-	-	-	-	30 716 555
	<b>72 320 061</b>	<b>24 705 051</b>	<b>(2 826 058)</b>	<b>-</b>	<b>94 199 054</b>	<b>(25 641 155)</b>	<b>2 528 008</b>	<b>(5 327 344)</b>	<b>(28 440 491)</b>	<b>65 758 563</b>
<b>Total property plant and equipment</b>										
Land and buildings	66 121 033	510 000	-	12 545	66 643 578	(16 938 424)	-	(2 185 028)	(19 123 452)	47 520 126
Infrastructure	4 124 376	-	-	-	4 124 376	(1 427 868)	-	(303 374)	(1 731 242)	2 393 134
Other assets	72 320 061	24 705 051	(2 826 058)	-	94 199 054	(25 641 155)	2 528 008	(5 327 344)	(28 440 491)	65 758 563
	<b>142 565 470</b>	<b>25 215 051</b>	<b>(2 826 058)</b>	<b>12 545</b>	<b>164 967 008</b>	<b>(44 007 447)</b>	<b>2 528 008</b>	<b>(7 815 746)</b>	<b>(49 295 185)</b>	<b>115 671 823</b>
<b>Intangible assets</b>										
Computer software	1 584 292	-	-	-	1 584 292	(733 175)	-	(94 526)	(827 701)	756 591
	<b>1 584 292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 584 292</b>	<b>(733 175)</b>	<b>-</b>	<b>(94 526)</b>	<b>(827 701)</b>	<b>756 591</b>
<b>Total</b>										
Land and buildings	66 121 033	510 000	-	12 545	66 643 578	(16 938 424)	-	(2 185 028)	(19 123 452)	47 520 126
Infrastructure	4 124 376	-	-	-	4 124 376	(1 427 868)	-	(303 374)	(1 731 242)	2 393 134
Other assets	72 320 061	24 705 051	(2 826 058)	-	94 199 054	(25 641 155)	2 528 008	(5 327 344)	(28 440 491)	65 758 563
Intangible assets	1 584 292	-	-	-	1 584 292	(733 175)	-	(94 526)	(827 701)	756 591
	<b>144 149 762</b>	<b>25 215 051</b>	<b>(2 826 058)</b>	<b>12 545</b>	<b>166 551 300</b>	<b>(44 740 622)</b>	<b>2 528 008</b>	<b>(7 910 272)</b>	<b>(50 122 886)</b>	<b>116 428 414</b>

## Nkangala District Municipality

### Appendix B

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Grant Name	Opening Balance	2015/16 Receipts	Q1 Exp.	Q2 Exp.	Q3 Exp.	Q4 Exp.	Closing Balance
MSIG	0,00	930 000,00	-283 872,00	-487 746,00	-158 382,00	0,00	0,00
FMG	0,00	1 250 000,00	-284 551,98	-365 658,70	-599 789,32	0,00	0,00
EPWP	0,00	2 280 000,00	-570 000,00	-570 000,00	-570 000,00	-570 000,00	0,00
RRAM	0,00	2 010 000,00	-330 014,12	-535 951,46	-354 604,56	-789 429,87	0,00
DATA CLEANSING - PT	3 993 669,00	3 000 000,00	0,00	-1 058 549,72	-2 590 551,45	-3 344 567,83	0,00
<b>Total</b>	<b>3 993 669,00</b>	<b>9 470 000,00</b>	<b>-1 468 438,10</b>	<b>-3 017 905,88</b>	<b>-4 273 327,33</b>	<b>-4 703 997,70</b>	<b>0,00</b>

# Nkangala District Municipality

## Appendix C1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2016

	2015/16										2014/15				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue - Standard</b>															
<b>Governance and administration</b>	<b>353 447 158</b>	<b>(8 856 250)</b>	<b>344 590 908</b>	-		<b>344 590 908</b>	<b>381 716 604</b>		<b>37 125 696</b>	<b>111 %</b>	<b>108 %</b>				<b>343 996 602</b>
Executive and council	20 000	-	20 000	-		20 000	2 451		(17 549)	12 %	12 %				1 263
Finance and administration	353 427 158	(8 856 250)	344 570 908	-		344 570 908	381 714 153		37 143 245	111 %	108 %				343 995 339
<b>Economic and environmental services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>70 175</b>		<b>70 175</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>				<b>934 000</b>
Environmental protection	-	-	-	-		-	70 175		70 175	DIV/0 %	DIV/0 %				-
<b>Total Revenue - Standard</b>	<b>353 447 158</b>	<b>(8 856 250)</b>	<b>344 590 908</b>	<b>-</b>		<b>344 590 908</b>	<b>381 786 779</b>		<b>37 195 871</b>	<b>111 %</b>	<b>108 %</b>				<b>344 930 602</b>
<b>Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>143 041 219</b>	<b>33 640 854</b>	<b>176 682 073</b>	-	-	<b>176 682 073</b>	<b>125 854 483</b>	-	<b>(50 827 590)</b>	<b>71 %</b>	<b>88 %</b>	-	-	-	-
Executive and council	41 348 047	8 907 258	50 255 305	-	(80 000)	50 175 305	37 714 586	-	(12 460 719)	75 %	91 %	-	-	-	-
Finance and administration	93 606 413	22 185 522	115 791 935	-	279 358	116 071 293	80 986 321	-	(35 084 972)	70 %	87 %	-	-	-	-
Internal audit	8 086 759	2 548 074	10 634 833	-	-	10 634 833	7 153 576	-	(3 481 257)	67 %	88 %	-	-	-	-
<b>Community and public safety</b>	<b>70 279 852</b>	<b>(3 027 403)</b>	<b>67 252 449</b>	-	<b>(50 000)</b>	<b>67 202 449</b>	<b>55 680 582</b>	-	<b>(11 521 867)</b>	<b>83 %</b>	<b>79 %</b>	-	-	-	-
Community and social services	22 388 797	4 691 707	27 080 504	-	(1 000 000)	26 080 504	20 010 786	-	(6 069 718)	77 %	89 %	-	-	-	-
Public safety	28 428 408	(1 650 010)	26 778 398	-	900 000	27 678 398	25 640 084	-	(2 038 314)	93 %	90 %	-	-	-	-
Health	19 462 647	(6 069 100)	13 393 547	-	50 000	13 443 547	10 029 712	-	(3 413 835)	75 %	52 %	-	-	-	-
<b>Economic and environmental services</b>	<b>228 407 323</b>	<b>(50 565 089)</b>	<b>177 842 234</b>	-	<b>(149 358)</b>	<b>177 692 876</b>	<b>165 322 036</b>	-	<b>(12 370 840)</b>	<b>93 %</b>	<b>72 %</b>	-	-	-	-
Planning and development	226 889 727	(50 542 177)	176 347 550	-	(98 958)	176 248 592	163 921 566	-	(12 327 026)	93 %	72 %	-	-	-	-
Environmental protection	1 517 596	(22 912)	1 494 684	-	(50 400)	1 444 284	1 400 470	-	(43 814)	97 %	92 %	-	-	-	-
<b>Other</b>	<b>10 521 432</b>	<b>(4 196 262)</b>	<b>6 325 170</b>	-	-	<b>6 325 170</b>	<b>10 049 231</b>	-	<b>3 724 061</b>	<b>159 %</b>	<b>96 %</b>	-	-	-	-
Other	10 521 432	(4 196 262)	6 325 170	-	-	6 325 170	10 049 231	-	3 724 061	159 %	96 %	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>452 249 826</b>	<b>(24 147 900)</b>	<b>428 101 926</b>	<b>-</b>	<b>-</b>	<b>428 101 926</b>	<b>356 906 332</b>	<b>-</b>	<b>(71 195 594)</b>	<b>83 %</b>	<b>79 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the year</b>	<b>(98 802 668)</b>	<b>15 291 650</b>	<b>(83 511 018)</b>	<b>-</b>		<b>(83 511 018)</b>	<b>24 880 447</b>		<b>108 391 465</b>	<b>(30)%</b>	<b>(25)%</b>				<b>344 930 602</b>

**Nkangala District Municipality**  
**Appendix C2**  
**Budgeted Financial Performance (revenue and expenditure by municipal vote)**  
**for the year ended 30 June 2016**

	2015/16										2014/15				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>															
Executive and Council	20 000	-	20 000	-		20 000	2 451		(17 549)	12 %	12 %				27 953
Finance and Administration	353 427 158	8 856 250	362 283 408	-		362 283 408	381 714 153		19 430 745	105 %	108 %				367 188 071
Environmental Protection	-	-	-	-		-	70 175		70 175	DIV/0 %	DIV/0 %				-
<b>Total Revenue by Vote</b>	<b>353 447 158</b>	<b>8 856 250</b>	<b>362 303 408</b>	<b>-</b>		<b>362 303 408</b>	<b>381 786 779</b>		<b>19 483 371</b>	<b>105 %</b>	<b>108 %</b>				<b>368 150 024</b>
<b>Expenditure by Vote to be appropriated</b>															
Community and Social Services	22 388 797	4 691 707	27 080 504	-	(1 000 000)	26 080 504	20 010 786	-	(6 069 718)	77 %	89 %	-	-	-	9 498 664
Environmental Protection	1 517 596	(22 912)	1 494 684	-	(50 400)	1 444 284	1 400 470	-	(43 814)	97 %	92 %	-	-	-	-
Executive and Council	41 348 047	8 907 258	50 255 305	-	(80 000)	50 175 305	37 714 586	-	(12 460 719)	75 %	91 %	-	-	-	59 610 150
Finance and Administration	93 606 413	22 185 522	115 791 935	-	279 358	116 071 293	80 986 321	-	(35 084 972)	70 %	87 %	-	-	-	31 188 723
Health	19 462 647	(6 069 100)	13 393 547	-	50 000	13 443 547	10 029 712	-	(3 413 835)	75 %	52 %	-	-	-	6 735 298
Internal Audit	8 086 759	2 548 074	10 634 833	-	-	10 634 833	7 153 576	-	(3 481 257)	67 %	88 %	-	-	-	-
Other	10 521 432	(4 196 262)	6 325 170	-	-	6 325 170	10 049 231	-	3 724 061	159 %	96 %	-	-	-	1 861 382
Planning and Development	226 889 727	(50 542 177)	176 347 550	-	(98 958)	176 248 592	163 921 566	-	(12 327 026)	93 %	72 %	-	-	-	135 593 457
Public Safety	28 428 408	(1 650 010)	26 778 398	-	900 000	27 678 398	25 640 084	-	(2 038 314)	93 %	90 %	-	-	-	27 846 434
<b>Total Expenditure by Vote</b>	<b>452 249 826</b>	<b>(24 147 900)</b>	<b>428 101 926</b>	<b>-</b>	<b>-</b>	<b>428 101 926</b>	<b>356 906 332</b>	<b>-</b>	<b>(71 195 594)</b>	<b>83 %</b>	<b>79 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335 357 291</b>
<b>Surplus/(Deficit) for the year</b>	<b>(98 802 668)</b>	<b>33 004 150</b>	<b>(65 798 518)</b>	<b>-</b>		<b>(65 798 518)</b>	<b>24 880 447</b>		<b>90 678 965</b>	<b>(38)%</b>	<b>(25)%</b>				<b>32 792 733</b>

**Nkangala District Municipality**  
**Appendix C3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2016**

	2015/16								2014/15						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue By Source</b>															
Rental from Fixed Assets	120 158	-	120 158	-		120 158	102 472		(17 686)	85 %	85 %				89 466
Interest, Dividend and Rent on Land	15 756 750	5 161 250	20 918 000	-		20 918 000	38 259 484		17 341 484	183 %	243 %				32 395 927
Fines, Penalties and Forfeits	200 000	600 000	800 000	-		800 000	2 440 138		1 640 138	305 %	1 220 %				1 571 706
Operational Revenue	-	95 000	95 000	-		95 000	138 181		43 181	145 %	DIV/0 %				68 261
Transfers and Subsidies: Operational	334 683 000	3 000 000	337 683 000	-		337 683 000	338 036 461		353 461	100 %	101 %				330 235 932
Sales of Goods: Tender Documents	677 250	-	677 250	-		677 250	704 420		27 170	104 %	104 %				460 630
Gains/(Losses) on disposal of PPE	-	-	-	-		-	27 671		27 671	DIV/0 %	DIV/0 %				(188 761)
Total Revenue (excluding capital transfers and contributions)	<b>351 437 158</b>	<b>8 856 250</b>	<b>360 293 408</b>	-		<b>360 293 408</b>	<b>379 708 827</b>		<b>19 415 419</b>	<b>105 %</b>	<b>108 %</b>				<b>364 633 161</b>
<b>Expenditure By Type</b>															
Employee related costs	106 985 604	2 161 916	109 147 520	-	(2 570 996)	106 576 524	90 059 931	-	(16 516 593)	85 %	84 %	-	-	-	71 275 249
Remuneration of councillors	12 915 118	157 450	13 072 568	-	-	13 072 568	12 881 629	-	(190 939)	99 %	100 %	-	-	-	12 691 037
Depreciation & impairment	9 711 380	1 577 407	11 288 787		515 200	11 803 987	9 565 965	-	(2 238 022)	81 %	99 %	-	-	-	7 910 269
Interest, Dividend and Rent on Land	1 988 533	5 263	1 993 796	-	31 146	2 024 942	1 519 219	-	(505 723)	75 %	76 %	-	-	-	3 211 418
Contracted services	39 222 397	14 854 825	54 077 222	-	171 082	54 248 304	28 616 806	-	(25 631 498)	53 %	73 %	-	-	-	45 689 129
Transfers and grants	236 205 522	(53 473 528)	182 731 994	-	1 103 872	183 835 866	177 348 648	-	(6 487 218)	96 %	75 %	-	-	-	163 437 922
Other expenditure	45 221 271	10 568 768	55 790 039	-	749 696	56 539 735	34 603 427	-	(21 936 308)	61 %	77 %	-	-	-	34 436 822
Total Expenditure	<b>452 249 825</b>	<b>(24 147 899)</b>	<b>428 101 926</b>	-	-	<b>428 101 926</b>	<b>354 595 625</b>	-	<b>(73 506 301)</b>	<b>83 %</b>	<b>78 %</b>	-	-	-	<b>338 651 846</b>
<b>Surplus/(Deficit)</b>	<b>(100 812 667)</b>	<b>33 004 149</b>	<b>(67 808 518)</b>	-		<b>(67 808 518)</b>	<b>25 113 202</b>		<b>92 921 720</b>	<b>(37)%</b>	<b>(25)%</b>				<b>25 981 315</b>
Transfers and Subsidies: Capital	2 010 000	-	2 010 000	-		2 010 000	2 010 000		-	100 %	100 %				1 950 000
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(98 802 667)</b>	<b>33 004 149</b>	<b>(65 798 518)</b>	-		<b>(65 798 518)</b>	<b>27 123 202</b>		<b>92 921 720</b>	<b>(41)%</b>	<b>(27)%</b>				<b>27 931 315</b>
<b>Surplus/(Deficit) after taxation</b>	<b>(98 802 667)</b>	<b>33 004 149</b>	<b>(65 798 518)</b>	-		<b>(65 798 518)</b>	<b>27 123 202</b>		<b>92 921 720</b>	<b>(41)%</b>	<b>(27)%</b>				<b>27 931 315</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(98 802 667)</b>	<b>33 004 149</b>	<b>(65 798 518)</b>	-		<b>(65 798 518)</b>	<b>27 123 202</b>		<b>92 921 720</b>	<b>(41)%</b>	<b>(27)%</b>				<b>27 931 315</b>
<b>Surplus/(Deficit) for the year</b>	<b>(98 802 667)</b>	<b>33 004 149</b>	<b>(65 798 518)</b>	-		<b>(65 798 518)</b>	<b>27 123 202</b>		<b>92 921 720</b>	<b>(41)%</b>	<b>(27)%</b>				<b>27 931 315</b>

# Nkangala District Municipality

## Appendix C4

### Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2016

	2015/16									2014/15					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Single-year expenditure</b>															
Executive and Council	4 120 000	-	4 120 000	-	-	4 120 000	1 571 217	-	(2 548 783)	38 %	38 %	-	-	-	-
Finance and Administration	23 908 498	(3 771 148)	20 137 350	-	-	20 137 350	2 222 930	-	(17 914 420)	11 %	9 %	-	-	-	-
Health	300 000	1 541 390	1 841 390	-	-	1 841 390	641 319	-	(1 200 071)	35 %	214 %	-	-	-	-
Planning and Development	121 735	208 730	330 465	-	-	330 465	177 814	-	(152 651)	54 %	146 %	-	-	-	-
Public Safety	29 736 584	322 402	30 058 986	-	-	30 058 986	17 918 729	-	(12 140 257)	60 %	60 %	-	-	-	-
Community and Social Services	-	-	-	-	-	-	1 006 348	-	1 006 348	DIV/0 %	DIV/0 %	-	-	-	-
Internal Audit	-	-	-	-	-	-	1 300	-	1 300	DIV/0 %	DIV/0 %	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>58 186 817</b>	<b>(1 698 626)</b>	<b>56 488 191</b>	-	-	<b>56 488 191</b>	<b>23 539 657</b>	-	<b>(32 948 534)</b>	<b>42 %</b>	<b>40 %</b>	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	<b>58 186 817</b>	<b>(1 698 626)</b>	<b>56 488 191</b>	-	-	<b>56 488 191</b>	<b>23 539 657</b>	-	<b>(32 948 534)</b>	<b>42 %</b>	<b>40 %</b>	-	-	-	-
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>28 028 498</b>	<b>(3 771 148)</b>	<b>24 257 350</b>	-	-	<b>24 257 350</b>	<b>3 795 447</b>	-	<b>(20 461 903)</b>	<b>16 %</b>	<b>14 %</b>	-	-	-	-
Executive and council	4 120 000	-	4 120 000	-	-	4 120 000	1 571 217	-	(2 548 783)	38 %	38 %	-	-	-	-
Finance and Administration	23 908 498	(3 771 148)	20 137 350	-	-	20 137 350	2 222 930	-	(17 914 420)	11 %	9 %	-	-	-	-
Internal Audit	-	-	-	-	-	-	1 300	-	1 300	DIV/0 %	DIV/0 %	-	-	-	-
<b>Community and public safety</b>	<b>30 036 584</b>	<b>1 863 792</b>	<b>31 900 376</b>	-	-	<b>31 900 376</b>	<b>19 566 396</b>	-	<b>(12 333 980)</b>	<b>61 %</b>	<b>65 %</b>	-	-	-	-
Community and social services	-	-	-	-	-	-	1 006 348	-	1 006 348	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	29 736 584	322 402	30 058 986	-	-	30 058 986	17 918 729	-	(12 140 257)	60 %	60 %	-	-	-	-
Health	300 000	1 541 390	1 841 390	-	-	1 841 390	641 319	-	(1 200 071)	35 %	214 %	-	-	-	-
<b>Economic and environmental services</b>	<b>121 735</b>	<b>208 730</b>	<b>330 465</b>	-	-	<b>330 465</b>	<b>177 814</b>	-	<b>(152 651)</b>	<b>54 %</b>	<b>146 %</b>	-	-	-	-
Planning and development	121 735	208 730	330 465	-	-	330 465	177 814	-	(152 651)	54 %	146 %	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>58 186 817</b>	<b>(1 698 626)</b>	<b>56 488 191</b>	-	-	<b>56 488 191</b>	<b>23 539 657</b>	-	<b>(32 948 534)</b>	<b>42 %</b>	<b>40 %</b>	-	-	-	-
<b>Funded by:</b>															
Equitable Share: Administration	50 825 233	(171 021)	50 654 212	-		50 654 212	23 539 657		(27 114 555)	46 %	46 %				-
Fund: Cash Backed Reserves	7 361 584	(1 681 335)	5 680 249	-		5 680 249	-		(5 680 249)	- %	- %				-
Fund: Non-funding Transactions	-	153 730	153 730	-		153 730	-		(153 730)	- %	DIV/0 %				-
<b>Transfers recognised - capital</b>	<b>58 186 817</b>	<b>(1 698 626)</b>	<b>56 488 191</b>	-		<b>56 488 191</b>	<b>23 539 657</b>		<b>(32 948 534)</b>	<b>42 %</b>	<b>40 %</b>				-
<b>Total Capital Funding</b>	<b>58 186 817</b>	<b>(1 698 626)</b>	<b>56 488 191</b>	-		<b>56 488 191</b>	<b>23 539 657</b>		<b>(32 948 534)</b>	<b>42 %</b>	<b>40 %</b>				-

**Nkangala District Municipality**  
**Appendix C5**  
**Budgeted Cash Flows**  
**for the year ended 30 June 2016**

**2015/16**

**2014/15**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Cash flow from operating activities</b>									
Ratepayers and other	997 408	695 000	1 692 408	1 692 408	(6 305 024)	(7 997 432)	(373)%	(632)%	9 323 121
Transfers and Subsidies: Operating	334 683 000	3 000 000	337 683 000	337 683 000	334 042 792	(3 640 208)	99 %	100 %	332 702 826
Transfers and Subsidies: Capital	2 010 000	-	2 010 000	2 010 000	2 010 000	-	100 %	100 %	1 950 000
Interest, Dividend and Rent on Land	15 756 750	5 161 250	20 918 000	20 918 000	38 235 491	17 317 491	183 %	243 %	32 395 927
Suppliers and employees	(204 344 390)	(27 742 958)	(232 087 348)	(232 087 348)	(122 430 467)	109 656 881	53 %	60 %	(131 200 018)
Finance charges	(1 988 533)	(5 263)	(1 993 796)	(1 993 796)	(1 519 219)	474 577	76 %	76 %	(3 211 418)
Transfers and Grants	(236 205 522)	53 473 528	(182 731 994)	(182 731 994)	(177 348 648)	5 383 346	97 %	75 %	(164 310 957)
<b>Net cash flow from/used operating activities</b>	<b>(89 091 287)</b>	<b>34 581 557</b>	<b>(54 509 730)</b>	<b>(54 509 730)</b>	<b>66 684 925</b>	<b>121 194 655</b>	<b>(122)%</b>	<b>(75)%</b>	<b>77 649 481</b>
<b>Cash flow from investing activities</b>									
Proceeds on disposal of PPE	-	-	-	-	10 058 212	10 058 212	DIV/0 %	DIV/0 %	109 290
Decrease (increase) in non-current investments	-	-	-	-	(4 205 457)	(4 205 457)	DIV/0 %	DIV/0 %	(2 900 611)
Capital assets	(58 186 817)	1 698 626	(56 488 191)	(56 488 191)	(39 181 395)	17 306 796	69 %	67 %	(24 688 276)
<b>Net cash flow from/used investing activities</b>	<b>(58 186 817)</b>	<b>1 698 626</b>	<b>(56 488 191)</b>	<b>(56 488 191)</b>	<b>(33 328 640)</b>	<b>23 159 551</b>	<b>59 %</b>	<b>57 %</b>	<b>(27 479 597)</b>
<b>Cash flow from financing activities</b>									
Repayment of borrowing	-	-	-	-	(3 175 905)	(3 175 905)	DIV/0 %	DIV/0 %	(20 241 746)
Finance lease payments	-	-	-	-	(244 340)	(244 340)	DIV/0 %	DIV/0 %	700 997
<b>Net cash flow from/used financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 420 245)</b>	<b>(3 420 245)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	<b>(19 540 749)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(147 278 104)</b>	<b>36 280 183</b>	<b>(110 997 921)</b>	<b>(110 997 921)</b>	<b>29 936 040</b>	<b>140 933 961</b>	<b>(27)%</b>	<b>(20)%</b>	<b>30 629 135</b>
Cash/cash equivalents at the year begin:					432 400 749				401 782 836
<b>Cash/cash equivalents at the year end:</b>	<b>(147 278 104)</b>	<b>36 280 183</b>	<b>(110 997 921)</b>	<b>(110 997 921)</b>	<b>462 336 789</b>	<b>140 933 961</b>	<b>(417)%</b>	<b>(314)%</b>	