

WATERBERG DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

I am responsible for the preparation of these annual financial statements which are set out on pages 1 to 60, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, the Minister of Provincial and Local Government's determination in accordance with this Act and Government Notice R243 of Government Gazette 38608 dated 25 March 2015.

I have complied with the disclosure requirements in terms of section 122 to 126 of the Municipal Finance Management Act, No 56 of 2003.



MS MABOTJA
MUNICIPAL MANAGER



DATE

WATERBERG DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS 2014/2015



Waterberg
District Municipality

on the Go for Growth

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The reports and statements set out below comprise the annual financial statements:

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WATERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

Members of the Council

N.R. Mogotlane	Mayor
K.S. Lamola (from 17 June 2015)	Speaker
M.A.D. Monama (until 9 June 2015)	Speaker
N.S. Murumudi	Chief Whip
T.A. Mashamaite (from 17 June 2015)	Member of the Mayoral Committee
K.S. Lamola (until 16 June 2015)	Member of the Mayoral Committee
Z. Mosam	Member of the Mayoral Committee
M.M.S. Mogotsi	Member of the Mayoral Committee
B.S. Mhlanga	Member of the Mayoral Committee
R.Z. Moeletsi	Member of the Mayoral Committee
M.L. Moremi	Member of the Mayoral Committee
S.M. Molekwa	Member of the Mayoral Committee
T.M. Kekana	Councillor
A.F. Basson	Councillor
F.M. Masalesa	Councillor
R.L.R. Monoa	Councillor
M.N. Langa	Councillor
C.L. Kganyago	Councillor
G.B. Koadi	Councillor
L.J. Lebelo	Councillor
H. Ledwaba	Councillor
P.M. Mahlangu	Councillor
R.L. Mahlaela	Councillor
L.S. Manamela	Councillor
M.E. Manganyi	Councillor
N.G.M. Mojela	Councillor
R.N. Monene	Councillor
D.P. Motlohoneng	Councillor
L.N. Ngwetjana	Councillor
M.P. Nyamah	Councillor
M.D. Phokela	Councillor
R.M. Radebe	Councillor
T.E. Mokongane	Councillor
R.E. Ramogale	Councillor
P.A. Scruton	Councillor
M.J. Selokela	Councillor
M.J. Sekhu	Councillor
M.M. Moseamedi	Councillor
S.I. Manala	Councillor
S.C. Sikwane	Councillor

Municipal Manager

M.S. Mabotja

WATERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

Chief Financial Officer

N. Laubscher (until 30 June 2015)
M.A.M. Mabusela (acting CFO from 1 July 2015)

Grading of the District Municipality

Grade 4

Auditors

Auditor - General

Bankers

First National Bank (until 30 June 2015)
ABSA Bank (from 1 July 2015)

Physical Address

42 Harry Gwala Street
Modimolle
0510

Postal Address

Private Bag X1018
Modimolle
0510

Telephone Number

(014) 718 3300

Fax Number

086 621 9231

E-mail address

smabotja@waterberg.gov.za

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30

	Note	2015 R	2014 R
ASSETS			
Current assets		116 171 612	96 293 059
Cash and cash equivalents	1	83 059 082	62 436 092
Trade and other receivables from exchange transactions	2	14 919	7 371
Other receivables from non-exchange transactions	3	1 124 684	2 459 983
Inventory	4	117 835	117 300
Held-to-maturity investments	5	31 176 088	28 080 662
VAT receivable	6	679 004	3 073 242
Non-current assets held for sale	7	-	118 409
Non-current assets		63 415 626	66 645 963
Non-current receivables	8	54 775	54 775
Property, plant and equipment	9	61 237 872	64 365 361
Intangible assets	10	2 122 979	2 225 827
Total assets		179 587 238	162 939 022
LIABILITIES			
Current liabilities		29 878 606	10 350 370
Trade- and other payables from exchange transactions	11	3 253 510	1 851 855
Other payables from non-exchange transactions	12	7 589 900	6 780 417
Consumer deposits	13	600	600
Provisions	14	165 476	582 871
Unspent conditional grants and receipts	15	18 147 449	436 868
Current portion of retirement health care liability	16	480 912	455 172
Current portion of long service awards liability	17	240 759	242 587
Non-current liabilities		23 526 844	18 953 664
Retirement health care liability	16	21 247 104	17 068 158
Long service awards liability	17	2 279 740	1 885 506
Total liabilities		53 405 450	29 304 034
Net assets		126 181 788	133 634 988
NET ASSETS			
Retained surplus and other reserves		126 181 788	133 634 988
Accumulated surplus and other reserves		126 181 788	133 634 988
Total net assets		126 181 788	133 634 988

Refer to A Tables for a comparison with the approved budget

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R	2014 R
REVENUE			
Revenue from exchange transactions:			
Service charges	18	1 988 913	1 670 715
Interest earned - external investments	19	7 183 234	6 116 928
Interest earned - outstanding receivables	20	121	26
Other income		462 204	170 854
Bad debts recovered		-	-
Revenue from non-exchange transactions:			
Government and other grants	21	104 085 244	101 326 205
Public contributions and donations	22	71 778	-
Other gains:			
Gain on disposal of assets	23	49 462	-
Reversal of impairment loss on assets	24	6 612	1 895 763
Total Revenue		113 867 568	111 180 491
EXPENDITURE			
Employee related costs	25	(59 545 964)	(53 840 686)
Remuneration of councillors	26	(6 346 779)	(5 991 826)
Post-retirement health care expenditure	16	(4 735 274)	(4 219 016)
Long-service award expenditure	17	(620 879)	(550 810)
Depreciation and amortisation	27	(5 358 540)	(5 080 437)
Impairment of assets	24	(1 662 872)	-
Repairs and maintenance		(778 277)	(1 468 498)
Contracted services	28	(14 288 994)	(13 714 443)
General expenses	29	(18 599 279)	(17 034 905)
Project expenditure		(8 927 175)	(23 327 464)
Loss on disposal of Assets	23	(456 735)	(59 411)
Total Expenditure		(121 320 768)	(125 287 496)
LOSS FOR THE YEAR		(7 453 200)	(14 107 005)

Refer to A Tables for a comparison with the approved budget

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	<u>Revaluation</u>	<u>Accumulated</u>	<u>Total</u>
Note	<u>Reserve</u>	<u>Surplus</u>	
R	R	R	R
2014			
Balance at 1 July 2013	-	146 001 785	146 001 785
Correction of prior period errors			
Review of PPE residual values and useful life 32		1 740 208	1 740 208
Restated balance	-	<u>147 741 993</u>	<u>147 741 993</u>
Net surplus for the year		(14 107 005)	(14 107 005)
Balance at 30 June 2014	-	<u><u>133 634 988</u></u>	<u><u>133 634 988</u></u>
2015			
Balance as at 1 July 2014	-	133 634 988	133 634 988
Net shortfall for the year		(7 453 200)	(7 453 200)
Balance at 30 June 2015	-	<u><u>126 181 788</u></u>	<u><u>126 181 788</u></u>

WATERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R	2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts:			
Sales of goods and services		630 845	1 783 886
Grants		121 795 824	100 364 993
Interest received		7 183 355	6 116 955
Other receipts		446 159	34 718
Payments:			
Employee costs		(66 258 578)	(59 339 859)
Suppliers		(13 139 830)	(12 237 892)
Project expenditure		(8 947 241)	(23 379 105)
Fire fighting expenditure		(13 008 670)	(13 499 065)
Vat		2 190 038	(1 422 782)
Other payments		(5 064 859)	(5 006 874)
Net cash flows from operating activities	30	25 827 043	(6 585 025)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2 833 400)	(6 989 679)
Purchase of intangible assets		(73 505)	(32 996)
Proceeds on sale of assets		496 450	10 906
Proceeds from recovery of investments		301 828	-
Decrease/(Increase) in held-to-maturity investments		(3 095 426)	(7 931 914)
(Increase) / Decrease in long term receivables		-	(20 000)
Net cash flows from investing activities		(5 204 053)	(14 963 683)
Net increase in net cash and cash equivalents		20 622 990	(21 548 708)
Net cash and cash equivalents at beginning of year		(62 436 092)	(83 984 800)
Net cash and cash equivalents at end of year	31	83 059 082	62 436 092

WATERBERG DISTRICT MUNICIPALITY

Statements of Comparison of Budget and Actual Amounts

Reconciliation of Table A1 Budget Summary

Description	2014/2015							2013/2014							
	Original Budget	Budget Adjustments (I.L.O. 228 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (I.L.O. 31 of the MFMA)	Virement (I.L.O. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	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	Revised Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	1,571	524	2,095	-	-	2,095	1,960	-	(106)	95%	127%	-	-	-	1,671
Service charges	5,700	(100)	5,600	-	-	5,600	7,183	-	1,583	128%	128%	-	-	-	8,117
Investment revenue	104,089	18,162	122,251	-	-	122,251	104,085	-	(18,173)	85%	100%	-	-	-	101,328
Transfers recognised - operational	88	180	268	-	-	268	810	-	344	239%	709%	-	-	-	2,067
Other own revenue															
Total Revenue (excluding capital transfers and contributions)	111,458	18,766	130,222	-	-	130,222	113,968	-	(16,254)	87%	102%	-	-	-	111,180
Employee costs	67,477	595	68,072	-	-	68,072	64,902	26	(3,170)	95%	98%	-	-	-	58,611
Remuneration of councillors	6,441	(0)	6,441	-	-	6,441	6,347	-	(94)	98%	98%	-	-	-	5,692
Depreciation & asset impairment	7,181	(155)	7,026	-	-	7,026	7,021	-	(5)	100%	98%	-	-	-	5,060
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Materials and grants	4,571	25,974	30,545	-	-	30,545	8,527	-	(21,716)	29%	19%	-	-	-	23,327
Transfers and grants	39,448	751	40,197	-	-	40,197	34,123	-	(6,073)	85%	87%	-	-	-	32,277
Other expenditure	125,216	27,165	152,381	-	-	152,381	121,321	26	(31,060)	80%	91%	-	-	-	135,267
Total Expenditure	(14,760)	(8,398)	(23,158)	-	-	(23,158)	(7,453)	(26)	14,706	34%	54%	-	-	-	(14,107)
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(14,760)	(8,398)	(23,158)	-	-	(23,158)	(7,453)	(26)	14,708	34%	54%	-	-	-	(14,107)
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(14,760)	(8,398)	(23,158)	-	-	(23,158)	(7,453)	(26)	14,706	34%	54%	-	-	-	(14,107)
Capital expenditure & income sources															
Capital expenditure	-	9,167	9,167	-	-	9,167	2,907	-	(6,260)	32%	-	-	-	-	7,023
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	9,167	9,167	-	-	9,167	2,907	-	(6,260)	32%	-	-	-	-	7,023
Total sources of capital funds	-	9,167	9,167	-	-	9,167	2,907	-	(6,260)	32%	-	-	-	-	7,023
Cash flows															
Net cash from (used) operating	3,555	(7,751)	(4,196)	-	-	(4,196)	25,827	-	30,023	-616%	727%	-	-	-	(6,585)
Net cash from (used) investing	-	(8,133)	(8,133)	-	-	(8,133)	(5,204)	-	3,928	57%	-	-	-	-	(14,984)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash/equivalents at the year end	71,731	130	71,861	-	-	71,861	83,059	-	11,198	116%	116%	-	-	-	82,438

Notes

- 3 = sum of column 1 and 2
- 2 represents movements in original budget to get to final adjustment budget (including shifting of funds)
- Virements must offset each other so that virements in Total Expenditure equals zero
- 6 = sum of column 3, 4 and 5
- 8 does not necessarily equal the difference between 9 and 8 because over-spending is not the only reason for unauthorised expenditure
- 9 = 7 - 6

10 = (7/8)*100

11 = (9/1)*100

14 = 13 - 12

15 In revenue equals Audited Outcome plus funds actually recovered

16 In expenditure equals Audited Outcome less funds actually recovered

15 In Cash Flow equals Audited Outcome plus funds recovered

16 In Cash Flow equals Audited Outcome less funds recovered

Explanations of the differences above 10% between the actual amounts and budgeted amounts are disclosed in annexures A(1) and A(2) to the annual financial statements.

WATERBERG DISTRICT MUNICIPALITY

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2014/2015										2013/2014				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Original Budget	Budget Adjustments (i.l.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.l.o. s31 of the MFMA)	Virement (i.l.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
Revenue - Standard															
Governance and administration															
Executive and council	107,043	(44)	106,999	-	-	106,999	108,637	-	1,638	102%	101%	-	-	-	103,232
Budget and treasury office	1,234	-	1,234	-	-	1,234	965	-	(269)	78%	78%	-	-	-	519
Corporate services	105,709	(100)	105,609	-	-	105,609	107,584	-	1,975	102%	102%	-	-	-	102,183
Community and public safety															
Community and social services	100	56	156	-	-	156	88	-	(68)	56%	88%	-	-	-	529
Sport and recreation	60	-	60	-	-	60	108	-	48	0%	180%	-	-	-	1,730
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	60	-	60	-	-	60	108	-	48	180%	180%	-	-	-	1,730
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services															
Planning and development	2,779	18,289	21,068	-	-	21,068	3,133	-	(17,934)	15%	113%	-	-	-	4,548
Road transport	-	275	275	-	-	275	354	-	80	129%	-	-	-	-	272
Environmental protection	2,779	18,014	20,793	-	-	20,793	2,779	-	(18,014)	13%	100%	-	-	-	4,276
Other	1,574	521	2,095	-	-	2,095	1,989	-	(106)	95%	126%	-	-	-	1,671
Total Revenue - Standard	111,456	18,768	130,222	-	-	130,222	113,868	-	(16,354)	87%	102%	-	-	-	111,180
Expenditure - Standard															
Governance and administration															
Executive and council	58,054	1,125	59,179	-	-	59,179	53,921	-	(5,258)	91%	93%	-	-	-	52,130
Budget and treasury office	28,561	810	29,361	-	-	29,361	27,741	-	(1,620)	94%	97%	-	-	-	26,244
Corporate services	13,197	445	13,642	-	-	13,642	12,217	-	(1,425)	90%	93%	-	-	-	11,564
Community and public safety															
Community and social services	16,305	(130)	16,176	-	-	16,176	13,962	-	(2,213)	86%	86%	-	-	-	14,332
Sport and recreation	50,188	(32)	50,136	-	-	50,136	46,672	-	(3,463)	93%	93%	-	-	-	43,434
Public safety	2,836	40	2,876	-	-	2,876	2,567	-	(309)	89%	91%	-	-	-	2,450
Housing	29,640	(72)	29,567	-	-	29,567	27,677	-	(1,891)	94%	93%	-	-	-	24,624
Health	17,692	(0)	17,692	-	-	17,692	16,429	-	(1,264)	93%	93%	-	-	-	16,361
Economic and environmental services															
Planning and development	11,037	25,407	36,444	-	-	36,444	14,079	-	(22,365)	39%	128%	-	-	-	24,004
Road transport	5,015	3,532	8,547	-	-	8,547	6,423	-	(2,125)	75%	128%	-	-	-	6,691
Environmental protection	6,022	21,875	27,897	-	-	27,897	7,656	-	(20,240)	27%	127%	-	-	-	17,313
Other	5,957	665	6,622	-	-	6,622	6,648	26	26	100%	112%	-	-	-	5,719
Total Expenditure - Standard	125,216	27,165	152,381	-	-	152,381	121,331	26	(31,060)	80%	97%	-	-	-	125,287
Surplus/(Deficit) for the year	(13,760)	(6,399)	(22,159)	-	-	(22,159)	(7,453)	-26,945.69	14,706	34%	54%	-	-	-	(14,107)

WATERBERG DISTRICT MUNICIPALITY

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2014/2015										2013/2014				
	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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue by Vote															
Vote 1 - BUDGET & TREASURY	105,709	(100)	105,609	-	-	105,609	107,584	-	1,975	102%	102%	-	-	-	102,183
Vote 2 - MUNICIPAL MANAGER	1,234	-	1,234	-	-	1,234	965	-	(269)	78%	78%	-	-	-	519
Vote 3 - CORPORATE SERVICES	100	56	156	-	-	156	88	-	(68)	56%	88%	-	-	-	529
Vote 4 - PLANNING	-	275	275	-	-	275	354	-	80	129%	-	-	-	-	272
Vote 5 - INFRASTRUCTURE	2,779	18,014	20,793	-	-	20,793	2,779	-	(18,014)	13%	100%	-	-	-	4,276
Vote 6 - EXECUTIVE SUPPORT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - DISASTER	60	-	60	-	-	60	108	-	48	180%	180%	-	-	-	1,730
Vote 9 - ENVIRONMENTAL HEALTH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - ABBATOIR	1,574	521	2,095	-	-	2,095	1,989	-	(106)	95%	126%	-	-	-	1,671
Total Revenue by Vote	111,456	18,786	130,222	-	-	130,222	113,868	-	(16,354)	87%	102%	-	-	-	111,180
Expenditure by Vote to be appropriated															
Vote 1 - BUDGET & TREASURY	13,197	445	13,642	-	-	13,642	12,217	-	(1,425)	90%	93%	-	-	-	11,554
Vote 2 - MUNICIPAL MANAGER	8,701	863	9,565	-	-	9,565	8,482	-	(1,083)	89%	97%	-	-	-	6,820
Vote 3 - CORPORATE SERVICES	16,305	(130)	16,176	-	-	16,176	13,962	-	(2,213)	86%	86%	-	-	-	14,332
Vote 4 - PLANNING	5,015	3,532	8,547	-	-	8,547	6,423	-	(2,125)	75%	128%	-	-	-	6,691
Vote 5 - INFRASTRUCTURE	6,022	21,875	27,897	-	-	27,897	7,656	-	(20,240)	27%	127%	-	-	-	17,313
Vote 6 - EXECUTIVE SUPPORT	19,850	(53)	19,797	-	-	19,797	19,259	-	(537)	97%	97%	-	-	-	19,425
Vote 7 - SOCIAL SERVICES	2,836	40	2,876	-	-	2,876	2,567	-	(309)	89%	91%	-	-	-	2,450
Vote 8 - DISASTER	29,640	(72)	29,567	-	-	29,567	27,677	-	(1,891)	94%	93%	-	-	-	24,624
Vote 9 - ENVIRONMENTAL HEALTH	17,692	(0)	17,692	-	-	17,692	16,429	-	(1,264)	93%	93%	-	-	-	16,361
Vote 10 - ABBATOIR	5,957	665	6,622	-	-	6,622	6,648	26	26	100%	112%	-	-	-	5,719
Total Expenditure by Vote	125,216	27,165	152,381	-	-	152,381	121,321	26	(31,060)	80%	97%	-	-	-	125,287
Surplus/(Deficit) for the year	(13,760)	(6,399)	(22,159)	-	-	(22,159)	(7,453)	(26)	14,706	34%	54%	-	-	-	(14,107)

WATERBERG DISTRICT MUNICIPALITY

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2014/2015							2013/2014							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
R thousand	Original Budget	Budget Adjustments (i.l.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.l.o. s31 of the MFMA)	Virement (i.l.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	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
Revenue By Source															
Service charges - other	1,571	524	2,095	-	-	2,095	1,989	-	(106)	95%	127%	-	-	-	1,671
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	5,700	(100)	5,600	-	-	5,600	7,183	-	1,583	128%	126%	-	-	-	6,117
Interest earned - outstanding debtors	3	(3)	0	-	-	0	0	-	0	242%	4%	-	-	-	0
Agency services	60	-	60	-	-	60	0	-	(60)	0%	0%	-	-	-	23
Transfers recognised - operational	104,089	18,162	122,261	-	-	122,261	104,085	-	(18,175)	85%	100%	-	-	-	101,326
Other revenue	23	127	150	-	-	150	561	-	411	374%	2437%	-	-	-	2,044
Gains on disposal of PPE	-	56	56	-	-	56	49	-	(7)	88%	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	111,456	18,766	130,222	-	-	130,222	113,868	-	(16,354)	87%	102%	-	-	-	111,180
Expenditure By Type															
Employee related costs	67,477	595	68,072	-	-	68,072	64,902	26	(3,170)	95%	96%	-	-	-	58,611
Remuneration of councillors	6,441	(0)	6,441	-	-	6,441	6,347	-	(94)	99%	99%	-	-	-	5,992
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	7,181	(155)	7,026	-	-	7,026	7,021	-	(5)	100%	98%	-	-	-	5,080
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	15,791	0	15,791	-	-	15,791	14,289	-	(1,502)	90%	90%	-	-	-	13,714
Transfers and grants	4,671	25,974	30,645	-	-	30,645	8,927	-	(21,718)	29%	191%	-	-	-	23,327
Other expenditure	23,580	751	24,331	-	-	24,331	19,378	-	(4,953)	80%	82%	-	-	-	18,503
Loss on disposal of PPE	75	-	75	-	-	75	457	-	382	609%	609%	-	-	-	59
Total Expenditure	125,216	27,165	152,381	-	-	152,381	121,321	26	(31,060)	80%	97%	-	-	-	125,287
Surplus/(Deficit)	(13,760)	(8,399)	(22,159)	-	-	(22,159)	(7,453)	(26)	14,706	34%	54%	-	-	-	(14,107)
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(13,760)	(8,399)	(22,159)	-	-	(22,159)	(7,453)	(26)	14,706	34%	54%	-	-	-	(14,107)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(13,760)	(8,399)	(22,159)	-	-	(22,159)	(7,453)	(26)	14,706	34%	54%	-	-	-	(14,107)
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(13,760)	(8,399)	(22,159)	-	-	(22,159)	(7,453)	(26)	14,706	34%	54%	-	-	-	(14,107)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(13,760)	(8,399)	(22,159)	-	-	(22,159)	(7,453)	(26)	14,706	34%	54%	-	-	-	(14,107)

WATERBERG DISTRICT MUNICIPALITY

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2014/2015					2013/2014									
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual. Outcome	Unauthorized expenditure	Variance	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	Revised Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 1 - BUDGET & TREASURY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
Vote 5 - INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13
Vote 6 - EXECUTIVE SUPPORT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - DISASTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - ENVIRONMENTAL HEALTH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110
Vote 10 - ABBATOIR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	139
Single-year expenditure															
Vote 1 - BUDGET & TREASURY	-	-	-	-	-	-	133	-	133	-	-	-	-	-	6
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	22	-	22	-	-	-	-	-	20
Vote 3 - CORPORATE SERVICES	-	2,098	2,098	-	-	2,098	779	-	(1,319)	37%	-	-	-	-	658
Vote 4 - PLANNING	-	-	-	-	-	-	15	-	15	0%	-	-	-	-	-
Vote 5 - INFRASTRUCTURE	-	745	745	-	-	745	-	-	(745)	-	-	-	-	-	-
Vote 6 - EXECUTIVE SUPPORT	-	-	-	-	-	-	977	-	977	-	-	-	-	-	43
Vote 7 - SOCIAL SERVICES	-	-	-	-	-	-	5	-	5	-	-	-	-	-	633
Vote 8 - DISASTER	-	6,324	6,324	-	-	6,324	844	-	(5,480)	13%	-	-	-	-	5,453
Vote 9 - ENVIRONMENTAL HEALTH	-	-	-	-	-	-	38	-	38	-	-	-	-	-	-
Vote 10 - ABBATOIR	-	-	-	-	-	-	92	-	92	-	-	-	-	-	70
Capital single-year expenditure sub-total	-	9,167	9,167	-	-	9,167	2,907	-	(6,260)	32%	-	-	-	-	8,883
Total Capital Expenditure - Vote	-	9,167	9,167	-	-	9,167	2,907	-	(6,260)	32%	-	-	-	-	7,023
Capital Expenditure - Standard															
Governance and administration	-	2,098	2,098	-	-	2,098	1,911	-	(187)	91%	-	-	-	-	727
Executive and council	-	-	-	-	-	-	999	-	999	-	-	-	-	-	63
Budget and treasury office	-	-	-	-	-	-	133	-	133	-	-	-	-	-	6
Corporate services	-	2,098	2,098	-	-	2,098	779	-	(1,319)	37%	-	-	-	-	658
Community and public safety	-	6,324	6,324	-	-	6,324	888	-	(5,436)	14%	-	-	-	-	6,196
Community and social services	-	-	-	-	-	-	5	-	5	-	-	-	-	-	633
Public safety	-	6,324	6,324	-	-	6,324	844	-	(5,480)	13%	-	-	-	-	5,453
Health	-	-	-	-	-	-	39	-	39	-	-	-	-	-	110
Economic and environmental services	-	745	745	-	-	745	15	-	(730)	2%	-	-	-	-	29
Planning and development	-	-	-	-	-	-	15	-	15	-	-	-	-	-	16
Road transport	-	745	745	-	-	745	-	-	(745)	-	-	-	-	-	13
Other	-	-	-	-	-	-	92	-	92	-	-	-	-	-	70
Total Capital Expenditure - Standard	-	9,167	9,167	-	-	9,167	2,907	-	(6,260)	32%	-	-	-	-	7,023
Funded by:															
National Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	9,167	9,167	-	-	9,167	2,907	-	(6,260)	32%	#DIV/0!	-	-	-	7,023
Total Capital Funding	-	9,167	9,167	-	-	9,167	2,907	-	(6,260)	32%	#DIV/0!	-	-	-	7,023

WATERBERG DISTRICT MUNICIPALITY

Reconciliation of Table A6 Budgeted Financial Position

Description	2014/2015						2013/2014								
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorized expenditure	Variance	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
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
ASSETS															
Current Assets															
Cash	5,006	-	5,006	-	-	5,006	83,089	-	78,084	1659%	1659%	-	-	-	62,436
Call investment deposits	66,726	130	66,856	-	-	66,855	31,176	-	(35,679)	47%	47%	-	-	-	28,081
Consumer debtors	80	-	80	-	-	80	15	-	(65)	19%	19%	-	-	-	7
Other debtors	680	-	680	-	-	680	1,804	-	1,124	265%	265%	-	-	-	5,533
Short-term portion of receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	106	-	106	-	-	106	118	-	12	111%	111%	-	-	-	117
Total current assets	72,597	130	72,727	-	-	72,727	116,172	-	43,445	160%	160%	-	-	-	96,175
Non Current Assets															
Long-term receivables	35	20	55	-	-	55	55	-	-	100%	158%	-	-	-	55
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	62,658	(826)	61,832	-	-	61,832	61,238	-	(594)	99%	98%	-	-	-	64,365
Intangible assets	1,876	367	2,243	-	-	2,243	2,123	-	(120)	95%	113%	-	-	-	2,226
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118
Total non current assets	64,569	(439)	64,130	-	-	64,130	63,416	-	(715)	98%	98%	-	-	-	66,764
TOTAL ASSETS	137,166	(309)	136,857	-	-	136,857	179,587	-	42,730	131%	131%	-	-	-	162,939
LIABILITIES															
Current liabilities															
Bank overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumer deposits	2	-	2	-	-	2	1	-	(1)	39%	39%	-	-	-	1
Trade and other payables	14,826	305	15,131	-	-	15,131	28,991	-	13,860	182%	196%	-	-	-	9,089
Provisions	4,198	(2,169)	2,030	-	-	2,030	887	-	(1,143)	44%	21%	-	-	-	1,281
Total current liabilities	19,026	(1,864)	17,162	-	-	17,162	29,879	-	12,716	174%	157%	-	-	-	10,350
Non Current Liabilities															
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	17,186	2,344	19,530	-	-	19,530	23,627	26	3,997	120%	137%	-	-	-	18,954
Total non current liabilities	17,186	2,344	19,530	-	-	19,530	23,627	26	3,997	120%	137%	-	-	-	18,954
TOTAL LIABILITIES	36,212	480	36,692	-	-	36,692	53,405	26	16,713	146%	147%	-	-	-	29,304
NET ASSETS	100,954	(789)	100,165	-	-	100,165	126,182	(26)	26,017	126%	125%	-	-	-	133,635
COMMUNITY WEALTH / EQUITY															
Accumulated Surplus / (Deficit)	100,954	(789)	100,165	-	-	100,165	126,182	(26)	26,017	126%	125%	-	-	-	133,635
Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH / EQUITY	100,954	(789)	100,165	-	-	100,165	126,182	(26)	26,017	126%	125%	-	-	-	133,635

WATERBERG DISTRICT MUNICIPALITY

Reconciliation of Table A7 Budgeted Cash Flows

Description	2014/2015										2013/2014	
	Original Budget	Budget Adjustments (i.o.s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2013/2014 Audited Outcome	2013/2014 Audited Outcome		
R thousand	1	2	3	6	7	9	10	11	12	12		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other	111,296	18,994	130,290	130,290	130,056	(234)	100%	117%	108,301			
Government - operating	1,494	935	2,429	2,429	1,077	(1,352)	44%	72%	1,819			
Government - capital	104,099	148	104,247	104,247	121,796	17,549	117%	117%	100,365			
Interest	-	18,014	18,014	18,014	-	(18,014)	0%	-	-			
Dividends	5,703	(103)	5,600	5,600	7,183	1,583	128%	126%	6,117			
Payments												
Suppliers and employees	(107,741)	(26,744)	(134,486)	(134,486)	(104,229)	30,256	78%	97%	(114,886)			
Finance charges	(103,070)	(771)	(103,841)	(103,841)	(95,282)	8,559	92%	92%	(91,506)			
Transfers and Grants	(4,671)	(25,974)	(30,645)	(30,645)	(8,947)	21,698	29%	192%	(23,379)			
NET CASH FROM/(USED) OPERATING ACTIVITIES	3,555	(7,751)	(4,196)	(4,196)	25,827	30,023	-616%	727%	(6,585)			
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE	-	34	34	34	(2,297)	(2,331)	-	-	(7,941)			
Decrease (Increase) in non-current debtors	-	56	56	56	496	440	885%	-	11			
Decrease (Increase) other non-current receivables	-	(22)	(22)	(22)	302	324	-1381%	-	-			
Decrease (Increase) in non-current investments	-	-	-	-	(3,095)	(3,095)	-	-	(20)			
Payments												
Capital assets	-	(9,167)	(9,167)	(9,167)	(2,907)	6,260	32%	-	(7,932)			
	-	(9,167)	(9,167)	(9,167)	(2,907)	6,260	32%	-	(7,023)			
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(9,133)	(9,133)	(9,133)	(5,204)	3,929	57%	-	(14,964)			
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans	-	-	-	-	-	-	-	-	-			
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-			
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-			
Payments												
Repayment of borrowing	-	-	-	-	-	-	-	-	-			
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-			
NET INCREASE/ (DECREASE) IN CASH HELD	3,555	(16,884)	(13,329)	(13,329)	20,623	33,952	-155%	580%	(21,549)			
Cash/cash equivalents at the year begin:	68,176	17,013	85,189	85,189	62,336	(22,754)	73%	92%	83,985			
Cash/cash equivalents at the year end:	71,731	130	71,861	71,861	83,059	11,198	116%	116%	62,436			

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, but some components are measured at fair value as indicated in subsequent accounting policy notes.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of:

- *Government Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;*
- *Government Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and*
- *Government Notice 516 of 2008, issued in Government Gazette no. 31021 of 9 May 2008;*
- *Government Notice 80 of 2011, issued in Government Gazette no. 33991 of 2 February 2011;*
- *Government Notice 314 of 2012, issued in Government Gazette no. 35258 of 20 April 2012;*
- *Government Notice 551 of 2014, issued in Government Gazette no. 37820 of 10 July 2014.*

The effective standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
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
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
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 Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 27	Agriculture

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

1. BASIS OF ACCOUNTING (continued)

1.1 BASIS OF PRESENTATION (continued)

The effective standards comprise of the following (continued):

GRAP 31	Intangible Assets (replaced GRAP 102)
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Effective accrual based IPSASs considering the provisions in paragraphs 16 to 19 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IPSAS 20	Related Party Disclosures
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Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with section 29 of ASB Directive 5 and paragraph 12 of GRAP 3.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

The accounting policies applied are consistent with those used in the previous financial year, unless explicitly stated.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective, but may be considered for early adoption or formulating an accounting policy:

GRAP 18	Segment Reporting
GRAP 20	Related party disclosures
GRAP 105	Transfer of functions between entities under common control
GRAP 106	Transfer of functions between entities not under common control
GRAP 107	Mergers

The impact of GRAP standards issued but not yet effective on the financial statements of Waterberg District Municipality in the future are as follows:

GRAP 18 - This does not deal with the accounting treatment of any particular transaction of events but merely with the re-arrangement of information already presented and disclosed. The impact on the municipality's financial statements would be minimal.

GRAP 20 – Related parties are currently disclosed in terms of IPSAS20, but records of all potential new related parties are also kept for implementation of GRAP20. The impact on the municipality's financial statements would be minimal.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

BASIS OF ACCOUNTING *(continued)*

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE *(continued)*

GRAP 105–The Standard will have no material impact on the financial statements of the municipality as the municipality does not have functions transferred between entities under common control.

GRAP 106 –The Standard will have no material impact on the financial statements of the municipality as the municipality does not have functions transferred between entities under common control.

GRAP 107 –The Standard will have no material impact on the financial statements of the municipality as the municipality has no mergers.

The municipality shall apply these Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1) (b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

1.3 PRESENTATION CURRENCY

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

1.4 GOING CONCERN ASSUMPTION

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

1.5 COMPARATIVE INFORMATION

Current year comparatives (budget): Budget information in accordance with GRAP24 has been provided as separate statements after the cash flow statement and form part of the annual financial statements.

Prior year comparatives: When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.6 SIGNIFICANT JUDGEMENTS AND ESTIMATES

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant assets or liability in future periods.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

BASIS OF ACCOUNTING *(continued)*

1.6 SIGNIFICANT JUDGEMENTS AND ESTIMATES *(continued)*

Estimates are informed by historical experience, information currently available to managements, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates are processed in the period of the review and applied prospectively. The significant estimates used in the process of applying the municipality's accounting policies are listed in note 41 to the annual financial statements.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 Initial recognition

Property, plant and equipment are tangible non-current 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 for more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

2.1 Initial recognition *(continued)*

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, the deemed cost is the carrying amount of the asset(s) given up. The municipality has no assets of cultural, environmental or historical significance and therefore no heritage assets.

2.2 Subsequent measurement – cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment. Land, heritage assets and artwork are not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure is capitalised when it increases the capacity of future economic benefits associated with the asset.

Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalizes the new component. Subsequent expenditure incurred on an asset is capitalized when it increases the capacity or future economic benefits associated with the asset.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

2 PROPERTY, PLANT AND EQUIPMENT (continued)

2.3 Depreciation and impairment

Depreciation is calculated on cost minus the residual value, using the straight-line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	<u>Useful life range in years</u>
Buildings and Facilities	10 to 60
Computer Equipment	4 to 10
Emergency Equipment	5 to 10
Furniture and Fittings	5 to 37
Office Equipment	4 to 36
Plant and Equipment	5 to 25
Motor Vehicles	3 to 15
Specialized vehicles	5 to 16

Assets have been tested for impairment and the municipality has also accounted for impairment of assets in terms of GRAP21 and GRAP26 for cash-generating and non-cash-generating assets. Residual values and useful lives are reviewed annually.

3.4 Derecognition

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value/residual value and is recognised in the Statement of Financial Performance.

4 INTANGIBLE ASSETS

4.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalized. Research expenditure is never capitalized, while development expenditure is only capitalized to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

4 INTANGIBLE ASSETS (continued)

4.1 Initial recognition (continued)

Intangible assets are initially recognised at cost.

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

Where an intangible asset is acquired in exchange for a non-monetary asset of 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, the deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent measurement – cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is infinite, the asset is not amortised but is subject to an annual impairment test.

4.3 Amortization

Amortisation is charged so as to write off the cost or valuation minus residual value of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	<u>Useful life range in years</u>
Computer software	4 to 40 years depending on the individual review of each asset's useful life

The residual values, amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done annually. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount (or recoverable service amount), it is written down to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 Derecognition

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

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

5 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an 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 municipality also tests assets with an indefinite useful life or assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 Initial recognition

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

6.2 Subsequent measurement

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

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

7 INVENTORY

7.1 Initial recognition

Inventories comprise current assets held for consumption during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. The cost of inventories is assigned by using the first-in, first-out (FIFO) cost formula.

7.2 Subsequent measurement

Inventories, consisting of consumables are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

8 FINANCIAL INSTRUMENTS

8.1 Initial recognition

Financial instruments are initially recognized at fair value.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

8 FINANCIAL INSTRUMENTS *(continued)*

8.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and is in accordance with GRAP104.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the municipality has the positive intention and ability to hold to maturity. The investments are disclosed as Held-to-maturity investments which are subsequently measured at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Amortised cost is calculated using the effective interest method.

8.3 Investments

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments 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. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.4 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of trade and other receivables is a reasonable approximation of fair value.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
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8 FINANCIAL INSTRUMENTS *(continued)*

8.5 Trade and payables

Financial liabilities consist of trade and other payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current. The carrying amount of trade and other payables is a reasonable approximation of fair value.

8.6 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

The credit risk disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.

9 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
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10 LEASES

10.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

10.1 Municipality as lessee (continued)

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The average payments over the period of the lease are expensed and any difference between the average and actual payment is disclosed as a debtor or creditor in the Statement of Financial Position.

Contingent rentals are not straight-lined or included in the projected future minimum operating lease expenses / receipts in the note to the financial statements.

10.2 Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

11 REVENUE

11.1 Revenue from exchange transactions

Revenue from exchange transactions is recognized at fair value and refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest is recognised on a time proportion basis, using the effective interest method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
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11 REVENUE (continued)

11.1 Revenue from exchange transactions (continued)

Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

11.2 Revenue from non-exchange transactions

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

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality. Contributed property, plant and equipment are recognized at fair value.

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

11.3 Grants, transfers and donations

GRAP 23 applies to revenue from grants and donations received.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met, to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

11 REVENUE (continued)

11.3 Grants, transfers and donations (continued)

Unutilized conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

12 UNAUTHORISED EXPENDITURE

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

13 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 unauthorized expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

15 RECOVERY OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognized when the recovery thereof from the responsible officials is probable. The recovery of unauthorized, irregular, fruitless and wasteful expenditure is treated as other income.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
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16 EMPLOYEE BENEFITS

16.1 Provision for employee benefits

Provision is made in the financial statements for all employee benefits.

Liabilities for wages and salaries, including non-monetary benefits, bonuses and annual leave obliged to be settled within 12 months of the reporting date, are recognized in other payables or provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognized in the non-current liability for employee benefits and measured as the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

16.2 Pensions and other post-retirement benefits

The municipality provides retirement benefits for its employees and councilors. The municipality has accounted for the defined contribution plan in compliance with GRAP25 Employee Benefits. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity.

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations once the contributions have been paid. Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councilors have rendered the employment service or served office entitling them to the contributions.

The municipality also provides post-retirement medical benefits to qualifying retirees. They are recognized in accordance with GRAP25 on defined benefit plans.

The cost of providing health care is charged to the income statement so as to recognize current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments of settlements, net of expected returns on plan assets. Actuarial gains and losses are recognized in full directly in the statement of financial performance. Additional benefits are expensed as past service cost in the period in which the benefit is granted to the extent that it is not covered by a surplus to contributions funded by the municipality. The municipality has no plan assets. A liability is consequently recognized in the statement of financial position based on the present value of defined benefit obligations, less any unrecognized past service costs.

17 VAT

The municipality accounts for Value Added Tax on the payments basis.

**WATERBERG DISTRICT MUNICIPALITY
ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2015**

18 POST-REPORTING DATE EVENTS

Events after the reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized 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 is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amounts recognized 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.

19 RELATED PARTIES

The municipality has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the municipality and any one of more of its related parties, and those transactions are not within:

- Normal supplier and / or client / recipient relationships on terms and conditions no more or less favorable than those which it is reasonable to expect the municipality to have adopted if deadline with the individual entity / person in the same circumstances; and
- The terms and conditions are within the normal operating parameters established by the municipality's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

20 BUDGETS

The budget is prepared and presented on an accrual basis using a classification based on the nature of expenses in the statements of financial performance. The budget and accounting basis is therefore comparable. The approved budget in these financial statements covers the fiscal period from 1 July 2014 to 30 June 2015.

Budget information in accordance with GRAP24 has been provided as separate statements after the cash flow statement and form part of the annual financial statements. Variances of more than 10% between budgeted and actual amounts have been explained in Appendix A (1) and A (2) which form part of the annual financial statements.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
1 CASH AND CASH EQUIVALENTS		
The municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
First National Bank - Modimolle branch Account number 53170034748		
Cash book balance at beginning of year	5 208 774	5 713 605
Cash book balance at end of year	<u>3 684 004</u>	<u>5 208 774</u>
Bank statement balance at beginning of year	7 040 558	7 253 820
Bank statement balance at end of year	<u>5 933 483</u>	<u>7 040 558</u>
<u>Other accounts</u>		
Investments:		
Call deposits	21 057 151	5 058 226
14 Days fixed deposits	-	-
32 Days fixed deposits	-	-
60 Days fixed deposits	10 032 836	10 030 453
90 Days fixed deposits	48 279 891	42 133 439
	<u>79 369 878</u>	<u>57 222 118</u>
Cash on hand:		
Petty cash	5 200	5 200
Total cash and cash equivalents	<u>83 059 082</u>	<u>62 436 092</u>
A portion of cash represents restricted cash as it serves as security for unspent conditional grants.		
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade receivables</u>		
Abattoir	14 919	7 371
Gross Balance	<u>14 919</u>	<u>7 371</u>
Less: Provision for doubtful debts	-	-
Net Balance	<u>14 919</u>	<u>7 371</u>
<u>Other receivables</u>		
Councillor salaries	3 516	8 719
Gross Balance	<u>3 516</u>	<u>8 719</u>
Less: Provision for doubtful debts	(3 516)	(8 719)
Net Balance	<u>-</u>	<u>-</u>
Total Net Balance	<u>14 919</u>	<u>7 371</u>
<u>Abattoir: Ageing</u>		
Current (0 - 30 days)	6 116	7 371
31 - 60 days	8 530	-
61 - 90 days	265	-
91 - 365 days	8	-
+ 365 days	-	-
Total	<u>14 919</u>	<u>7 371</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
<u>Councillor salaries: Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 365 days	-	-
+ 365 days	3 516	8 719
Total	3 516	8 719

Summary of debtors by Customer Classification

Consumers as at 30 June:

Current (0 - 30 days)	6 116	7 371
31 - 60 days	8 530	-
61 - 90 days	265	-
91 - 365 days	8	-
+ 365 days	3 516	8 719
Sub-total	18 435	16 090
Less: Provision for doubtful debts	(3 516)	(8 719)
Total debtors by customer classification	14 919	7 371

Reconciliation of the doubtful debt provision

Balance at beginning of the year	8 719	8 719
Contributions to provision	-	-
Bad debts recovered	-	-
Bad debts written off	(5 203)	-
Balance at end of year	3 516	8 719

The fair value of trade and other receivables approximates their carrying amounts.

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Investments under liquidation	-	301 828
Prepayments	1 113 325	2 151 716
Sundry debtors	11 359	6 439
Total Other Debtors	1 124 684	2 459 983

In the current year the 9th liquidation dividend on the NRB investment was received. The remaining balance of R 270 985 was impaired in previous years:

New Republic Bank Limited	301 828
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WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
4 INVENTORY		
Consumables:		
Opening balance	117 300	147 143
Additions	719 641	608 093
Issued (expensed)	(719 106)	(637 936)
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC)	-	-
Closing balance	<u>117 835</u>	<u>117 300</u>

Inventory consists of stationery, fire fighting foam and grass beaters. No inventory is pledged as security. No circumstances or events existed that would have led to the write-down or the reversal of a write-down of inventories.

5 HELD-TO-MATURITY INVESTMENTS

6 Month fixed deposits	<u>31 176 088</u>	<u>28 080 662</u>
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6 VAT

VAT receivable	<u>679 004</u>	<u>3 073 242</u>
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VAT is accounted for on the payment basis.

7 NON-CURRENT ASSETS HELD FOR SALE

Computer equipment	-	23 912
Emergency equipment	-	2 484
Furniture and fittings	-	7 842
Office equipment	-	4 301
Plant and equipment	-	1
Specialised vehicles	-	23 609
Motor vehicles	-	56 260
Property, plant and equipment	<u>-</u>	<u>118 409</u>

The movement is reconciled as follows:

Balance at beginning of year	118 409	118 409
Assets transferred to Non-current assets held for sale	-	-
Assets disposed	(118,409)	-
Balance at year end	<u>-</u>	<u>118 409</u>

These assets were no longer utilised by the municipality and was approved by council for disposal. During the current year assets was scrapped or sold on auction.

8 NON-CURRENT RECEIVABLES

Water & electricity	2 025	2 025
Office rentals	32 750	32 750
Telephone	20 000	20 000
Deposits	<u>54 775</u>	<u>54 775</u>

Deposit water and electricity

These are deposits paid for water and electricity services, rental of office space in Mokopane and Thabazimbi for environmental health officials and VOIP telephone.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9. ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Description	Cost / Revaluation			Accumulated Depreciation / Impairment			Carrying Value		
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions		Disposals	Closing Balance
	R	R	R	R	R	R	R	R	
Other Furniture and Fittings	61,072	-	-	61,072	28,785	5,828	-	34,613	26,459
<i>Office Equipment:</i>									
Air Conditioners (individual)	595,134	30,000	(15,000)	610,134	267,810	66,566	(15,000)	319,376	260,758
Audiovisual Equipment	681,660	-	(19,561)	662,099	267,552	65,176	(14,637)	318,091	344,008
Chairs, Decorations and Robes	25,000	-	-	25,000	14,774	1,135	-	15,909	9,091
Kitchen Appliances	88,736	1,534	(411)	89,859	50,771	7,771	(376)	58,166	31,693
Learning / Training Materials	5,456	-	-	5,456	2,810	478	-	3,288	2,168
Office Equipment / Machines	159,888	6,180	(5,264)	160,804	74,202	16,418	(4,196)	86,424	74,380
Paintings, Sculptures and Ornaments	56,947	-	-	56,947	23,695	2,096	-	25,791	31,156
Photographic Equipment	24,084	-	-	24,084	13,925	1,596	-	15,521	8,563
Other Office Equipment	67,840	-	(13,935)	53,905	28,701	7,550	(9,891)	26,360	27,545
<i>Plant and Equipment:</i>									
Abattoir Equipment / Tools	167,189	48,000	-	215,189	97,110	17,603	-	114,713	100,476
Compressors, Generators & Allied Equipment	1,845,818	-	-	1,845,818	519,137	217,410	-	736,547	1,109,271
Gardening Equipment	22,391	-	(1,577)	20,814	10,316	3,036	(1,273)	12,079	8,735
Health Equipment / Tools	553,493	-	(90)	553,403	26,849	54,796	(89)	81,556	471,847
Laundry Equipment	104,768	-	-	104,768	26,296	13,698	-	39,994	64,774
Telecommunication Equipment	175,928	-	-	175,928	63,092	18,246	-	81,338	94,590
Tents, Flags and Accessories	26,200	-	-	26,200	12,614	2,933	-	15,547	10,653
Workshop Equipment	19,788	-	-	19,788	11,490	706	-	12,196	7,592
Workshop Tools	867	-	-	867	496	87	-	583	284
Other Plant and Equipment	36,318	-	-	36,318	20,756	3,399	-	24,155	12,163
<i>Motor Vehicles:</i>									
Bakkies (LDV's)	3,528,278	197,378	-	3,725,656	1,070,254	278,150	-	1,348,404	2,377,252
Motor Cars	904,118	1,327,022	(904,118)	1,327,022	476,381	110,354	(496,886)	89,849	1,237,173
Trailers and Accessories	1,209,714	-	-	1,209,714	266,534	98,923	-	367,457	842,257
<i>Specialised Vehicles:</i>									
Fire Engines	22,964,669	140,022	(25,000)	23,079,691	6,257,169	1,674,903	(20,035)	7,912,037	15,167,654
Rescue Vehicles	4,102,778	-	(778,156)	3,324,622	1,394,941	239,705	(567,022)	1,067,624	2,256,998
	48,742,926	2,346,079	(2,307,493)	48,781,512	15,643,715	4,111,277	(1,528,791)	18,226,201	30,555,311
Total	87,391,784	2,833,400	(2,307,493)	87,907,691	23,016,423	5,182,187	(1,528,791)	26,669,819	61,237,872

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10 INTANGIBLE ASSETS

10.1 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2014	2 225 827	2 225 827
Cost	3 435 820	3 435 820
Accumulated amortisation and impairment losses	(1 209 993)	(1 209 993)
Acquisitions	73 505	73 505
Amortisation	(176 353)	(176 353)
Carrying value of disposal	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2015	2 122 979	2 122 979
Cost	3 509 325	3 509 325
Accumulated amortisation and impairment losses	(1 386 346)	(1 386 346)

10.2 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2013	2 413 719	2 413 719
Cost	3 517 531	3 517 531
Accumulated amortisation and impairment losses	(1 103 812)	(1 103 812)
Acquisitions	32 996	32 996
Amortisation	(210 206)	(210 206)
Carrying value of disposal	(10 682)	(10 682)
Cost	(114 707)	(114 707)
Accumulated amortisation	104 025	104 025
as at 30 June 2014	2 225 827	2 225 827
Cost	3 435 820	3 435 820
Accumulated amortisation and impairment losses	(1 209 993)	(1 209 993)

11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors (trade payables from exchange transactions)	3 092 604	1 670 883
Retentions (trade payables from exchange transactions)	160 906	180 972
	3 253 510	1 851 855

The fair value of trade and other payables approximates their carrying amounts.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
12 OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Creditors (other payables from non-exchange transactions)	95 788	53 478
Accruals (other payables from non-exchange transactions)	7 494 112	6 726 939
	<u>7 589 900</u>	<u>6 780 417</u>

The fair value of other payables approximates their carrying amounts.

13 CONSUMER DEPOSITS		
Abattoir	<u>600</u>	<u>600</u>
Guarantees held in lieu of abattoir deposits	<u>12 000</u>	<u>12 000</u>

14 PROVISIONS		
Performance bonus	<u>165 476</u>	<u>582 871</u>
	<u>165 476</u>	<u>582 871</u>

Performance bonuses are paid one year in arrears when the municipality has a present obligation as a result of a past event which is the services rendered and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. The bonus has been calculated based on the assessment of eligible employees at the reporting date.

The movement is reconciled as follows:

Balance at beginning of year	582 871	325 595
Contributions/(reversals) to provision	18 326	257 276
Expenditure incurred	<u>(435,721)</u>	<u>-</u>
Balance at year end	<u>165 476</u>	<u>582 871</u>

The assumptions and basis of calculation was done in terms of the requirements of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006. Provision for Performance bonuses are calculated as per the performance agreements & brackets indicated in Section 32(2) of the above Performance Regulations. The maximum exposure was calculated based on the final score of each individual manager at year end and in which bracket those scores fall.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
15	UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
	Conditional Grants from other spheres of Government		
	Municipal Infrastructure Grant	21.2 13 014 000	-
	Municipal Infrastructure Grant (PMU)	21.3 5 000 000	-
	Municipal Systems Improvement Grant	21.4 93 449	401 868
	Total Unspent Conditional Grants and Receipts from other spheres of Government	18 107 449	401 868
	Other conditional grants		
	Mayor's Golf Day Grant	21.8 40 000	35 000
	Total Unspent Other Conditional Grants and Receipts	40 000	35 000
	Total Unspent Conditional Grants and Receipts	18 147 449	436 868

See note 21 for reconciliation of grants.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

16 RETIREMENT HEALTH CARE LIABILITY

The municipality contributes to a number of defined contribution schemes for pension of all permanent employees and councillors. The funds are governed by the Pension Funds Act of 1956.

The following are defined contributions plans:

- National Fund for Municipal Workers
- Municipal Gratuity Fund
- Municipal Employee Fund
- Joint Municipal Pension Fund
- Municipal Councillors Pension Fund

The municipality also provides certain post-retirement medical benefits to qualifying pensioners. All post-retirement medical benefits are unfunded.

The following are defined benefit plans:

- LA Health
- SAMWU Med
- Bonitas Medical Fund
- Key Health Medical Scheme
- Hosmed

In accordance with prevailing legislation, the defined benefit funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest actuarial valuation was performed as at 30 June 2015.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions. The municipality intends to continue to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

The accumulated defined benefit obligation in respect of the post-retirement medical contributions are provided, based on calculations of independent actuaries, using methods and assumptions consistent with GRAP 25 as follows:

	2015 R	2014 R
Movement in the employee healthcare benefit liability:		
Liability as at 1 July	17 523 330	13 793 670
Benefits paid	(802 103)	(761 380)
Plan participants contributions	271 515	272 024
Current service cost	1 009 279	637 395
Interest	1 586 071	1 200 407
Actuarial losses / (gains) recognised in Statement of Financial Performance	2 139 924	2 381 214
Unfunded accrued liability as at 30 June	21 728 016	17 523 330
Current portion of liability as at 30 June	(480 912)	(455 172)
Non-current portion of liability as at 30 June	21 247 104	17 068 158
The liability as at 30 June consists of:		
In-service members	13 977 529	10 241 215
Continuation members	7 750 487	7 282 115
	21 728 016	17 523 330

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
16 RETIREMENT BENEFITS (continued)		
Expense recognised in (profit) or loss:		
Current service cost	1 009 279	637 395
Interest cost	1 586 071	1 200 407
Past service cost	-	-
Actuarial losses or (gains)	2 139 924	2 381 214
	<u>4 735 274</u>	<u>4 219 016</u>

Principal actuarial assumptions of valuation model used:

Discount rate	9.05%	9.17%
Health care cost inflation rate	8.14%	8.30%
Average remaining future working lifetime	16.8 years	17.5 years

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	19%	14%
Effect on the defined benefit obligation	16%	13%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-16%	-13%
Effect on the defined benefit obligation	-14%	-12%

The Municipality's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is R1 274 049.

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

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	21 728 016	17 523 330	13 793 670	12 832 210	12 292 246

17 LONG SERVICE AWARDS LIABILITY

The municipality provides long-service awards to its permanent employees.

The benefit of long-service award is provided in the form of annual leave and a gift to a certain monetary value.

In accordance with prevailing legislation, the provision is actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest actuarial valuation was performed as at 30 June 2015.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
17 LONG SERVICE AWARDS LIABILITY (continued)		
The accumulated defined benefit obligation in respect of the long-service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with GRAP 25 as follows:		
Movement in the long-service award liability:		
Liability as at 1 July	2 128 093	1 669 115
Benefits paid	(228 473)	(91 832)
Current service cost	251 723	204 681
Interest	160 641	118 801
Actuarial losses / (gains) recognised in Statement of Financial Performance	208 515	227 328
Unfunded accrued liability as at 30 June	2 520 499	2 128 093
Current portion of liability as at 30 June	(240 759)	(242 587)
Non-current portion of liability as at 30 June	2 279 740	1 885 506
Expense recognised in (profit) or loss:		
Current service cost	251 723	204 681
Interest cost	160 641	118 801
Past service cost	-	-
Actuarial losses / (gains)	208 515	227 328
	620 879	550 810

Principal actuarial assumptions of valuation model used:

Discount rate	7.94%	8.00%
General salary inflation rate	7.02%	7.15%
Average remaining future working lifetime	16.8 years	17.5 years

The effect of a 1% movement in the assumed general salary inflation rate is as follows:

	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	8%	7%
Effect on the defined benefit obligation	6%	7%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-7%	-7%
Effect on the defined benefit obligation	-6%	-6%

The Municipality's best estimate of benefits expected to be paid to the plan during the annual period beginning after the balance sheet date is R 295 011.

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

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	2 520 499	2 128 093	1 669 115	1 453 933	1 281 962

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
<u>Revenue from exchange transactions:</u>			
18	SERVICE CHARGES		
	Abattoir services	<u>1 988 913</u>	<u>1 670 715</u>
19	INTEREST EARNED - EXTERNAL INVESTMENTS		
	Bank	<u>7 183 234</u>	<u>6 116 928</u>
	Total interest	<u>7 183 234</u>	<u>6 116 928</u>
20	INTEREST EARNED - OUTSTANDING RECEIVABLES		
	Abattoir	<u>121</u>	<u>26</u>
	Total interest	<u>121</u>	<u>26</u>
<u>Revenue from non-exchange transactions:</u>			
21	GOVERNMENT AND OTHER GRANTS		
	Equitable share	21.1 99 036 000	94 609 000
	Municipal Infrastructure Grant	21.2 -	-
	Municipal Infrastructure Grant (PMU)	21.3 -	-
	Municipal Systems Improvement Grant	21.4 840 551	725 169
	Finance Management Grant	21.5 1 250 000	1 333 335
	LG SETA Grant	21.6 32 026	110 875
	Wildlife Centre Grant	21.7 -	131 708
	Mayor's Golf Day Grant	21.8 -	-
	LEDET Biosphere Grant	21.9 147 667	140 000
	Expanded Public Works Incentive Grant	21.10 1 000 000	1 771 000
	Rural Road Asset Management Grant	21.11 1 779 000	1 571 000
	Mookgophong Local Municipality	21.12 -	934 318
		<u>104 085 244</u>	<u>101 326 205</u>

21.1 Equitable share

The equitable share is an unconditional grant and is utilised to fund disaster management services, environmental health services, projects and operating expenditure.

21.2 Municipal Infrastructure Grant

Balance unspent at beginning of year	-	-
Current year receipts	13 014 000	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>13 014 000</u>	<u>-</u>

The grant was received in March 2015 and is to be used to construct infrastructure assets on behalf of Modimolle Local Municipality.

21.3 Municipal Infrastructure Grant (PMU)

Balance unspent at beginning of year	-	-
Current year receipts	5 000 000	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>5 000 000</u>	<u>-</u>

The grant was received in March 2015 and is to be used for the establishment of a Project Management Unit for infrastructure projects.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
21 GOVERNMENT GRANTS (continued)		
21.4 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	401 868	237 037
Current year receipts	934 000	890 000
Prior year roll over paid back to National Treasury	(401 868)	-
Conditions met - transferred to income	<u>(840 551)</u>	<u>(725 169)</u>
Conditions still to be met - transferred to liabilities	<u>93 449</u>	<u>401 868</u>
<p>The grant is utilised for the implementation of new legislation, skills development and the GRAP compliance of the fixed asset register.</p>		
21.5 Finance Management Grant		
Balance unspent at beginning of year	-	83 335
Current year receipts	1 250 000	1 250 000
Conditions met - transferred to income	<u>(1 250 000)</u>	<u>(1 333 335)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<p>The grant is utilised for the appointment of financial and audit interns, financial training and assist with the implementation of the MFMA and compliance with GRAP.</p>		
21.6 LG SETA Grant		
Balance unspent at beginning of year	-	-
Current year receipts	32 026	110 675
Conditions met - transferred to income	<u>(32 026)</u>	<u>(110 675)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<p>The grant is utilised for training of officials in the District Municipality.</p>		
21.7 Wildlife Centre Grant		
Balance unspent at beginning of year	-	131 708
Current year receipts	-	-
Conditions met - transferred to income	<u>-</u>	<u>(131 708)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<p>The grant is utilised to fund the feasibility study of a district wildlife centre.</p>		
21.8 Mayor's Golf Day Grant		
Balance unspent at beginning of year	35 000	35 000
Current year receipts	5 000	-
Conditions met - transferred to income	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u>40 000</u>	<u>35 000</u>
<p>The grant is utilised to partly fund the annual mayoral golf day.</p>		
21.9 LEDET Biosphere Grant		
Balance unspent at beginning of year	-	140 000
Current year receipts	147 667	-
Conditions met - transferred to income	<u>(147 667)</u>	<u>(140 000)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<p>The grant is to be utilised to fund the operations of the Waterberg Biosphere Meander.</p>		

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

21 GOVERNMENT GRANTS <i>(continued)</i>	2015 R	2014 R
21.10 Expanded Public Works Incentive Grant		
Balance unspent at beginning of year	-	771 000
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to income	<u>(1 000 000)</u>	<u>(1 771 000)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The grant is to incentivise municipalities to increase labour intensive employment through infrastructure programmes that maximise job creation and skills development in line with the the EPWP guidelines.

21.11 Rural Road Asset Management Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1 779 000	1 571 000
Conditions met - transferred to income	<u>(1 779 000)</u>	<u>(1 571 000)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The grant is utilised to set up a district Road Asset Management System and to collect rural date in line with the Road Infrastructure Strategic Framework for South Africa.

21.12 Mookgophong Local Municipality		
Balance unspent at beginning of year	-	-
Current year receipts	-	934 318
Conditions met - transferred to income	<u>-</u>	<u>(934 318)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The funding was as per a MOU signed with Mookgophong Local Municipality to supplement funding on the Mookgophong Sewer Upgrade project. The grant was originally R 1.8 million but subsequently reduced to R 934 318.

21.13 Changes in levels of government grants

Based on the allocations as set out in the Division of Revenue Act, (Act No 10 of 2014), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

22 PUBLIC CONTRIBUTIONS AND DONATIONS

Donations	71 778	-
Total public contributions and donations	<u>71 778</u>	<u>-</u>

This is contributions from businesses for the LED Summit.

Other gains / losses:

23 GAIN / (LOSS) ON DISPOSAL OF ASSETS

Gain on disposal of Property, plant and equipment	49 462	-
Loss on disposal of Property, plant and equipment / written off	(456 735)	(48 729)
Loss on disposal of Intangible assets / written off	-	(10 682)
Total Gain / (Loss) on Disposal of Assets	<u>(407 273)</u>	<u>(59 411)</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
24 (IMPAIRMENT) / REVERSAL OF IMPAIRMENT LOSS ON ASSETS		
Property, plant and equipment	6 612	1 593 935
This impairment is mainly on fire fighting vehicles that has been damaged and are in for repairs over year end. Impairment is reversed as soon as they are repaired to their original lifespan and quality or disposed.		
Other financial assets		
An investment amounting to R 270 985 capital is held with New Republic Bank, which is presently under receivership. The reversal of previous impairment relates to the payment of the 9th liquidation dividend.	(100)	301 828
A sundry debtor, Fire & Emergency has been fully impaired due to the business currently being under Business Rescue in terms of the Companies Act.	(1 662 772)	-
Total Impairment loss	(1 656 260)	1 895 763

The recoverable service amount of the assets is its fair value less costs to sell, determined by reference to an active market.

25 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and wages	38 860 004	34 565 416
Employee related costs - Contributions for UIF, pension and medical aid & other statutory contributions	11 013 054	10 080 753
Travel and other allowances	8 809 666	8 253 325
Housing benefits and allowances:	236 238	184 607
Overtime allowances	608 675	499 309
Performance and other bonuses (increase / (reversal) of provision)	18 327	257 276
Total Employee Related Costs	59 545 964	53 840 686

There were no advances to employees.

Remuneration of Individual Managers:

Municipal Manager

Annual Remuneration	1 085 715	389 922
Performance- and other bonuses	-	-
Travel and cellphone allowance	180 500	160 662
Contributions to UIF, Medical and Pension Funds	1 785	91 275
Total	1 268 000	641 859

The previous Municipal Manager was appointed on 1 January 2010 and his contract ended on 31 December 2013. The new municipal manager was appointed from 1 July 2014.

Chief Financial Officer

Annual Remuneration	988 190	925 035
Performance- and other bonuses	246 065	-
Travel and cellphone allowance	203 999	192 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Total	1 440 039	1 118 820

The Chief Financial Officer was appointed from 11 June 2007, re-appointed on 1 June 2012 and resigned effective 30 June 2015.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
25 EMPLOYEE RELATED COSTS (continued)		
Remuneration of Individual Managers (continued) :		
Infrastructure Development		
Annual Remuneration	636 763	567 472
Performance- and other bonuses	-	-
Travel and cellphone allowance	209 274	190 616
Contributions to UIF, Medical and Pension Funds	157 509	143 044
Total	1 003 546	901 132

The Infrastructure Development Manager was appointed from 1 March 2013.

Planning & Economic Development

Annual Remuneration	656 283	611 900
Performance- and other bonuses	-	-
Travel and cellphone allowance	195 029	186 918
Contributions to UIF, Medical and Pension Funds	177 329	165 182
Total	1 028 641	964 000

The Planning & Economic Development Manager was appointed from 1 July 2013.

Corporate Support & Shared Services

Annual Remuneration	765 215	686 003
Performance- and other bonuses	60 578	-
Travel and cellphone allowance	108 907	96 237
Contributions to UIF, Medical and Pension Funds	214 864	194 899
Total	1 149 564	977 139

The Corporate Support & Shared Services Manager was appointed from 1 March 2013.

Social Development & Community Services

Annual Remuneration	569 571	318 808
Performance- and other bonuses	-	-
Travel and cellphone allowance	160 948	142 891
Contributions to UIF, Medical and Pension Funds	16 688	22 238
Total	747 207	483 937

The previous Social Development and Community Services Manager was appointed from 1 January 2010 and her contract ended on 31 December 2013. The new manager was appointed from 1 August 2014.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
25 EMPLOYEE RELATED COSTS (continued)		
Remuneration of Individual Managers (continued):		
Executive Support Office		
Annual Remuneration	639 730	599 234
Performance- and other bonuses	60 929	-
Travel and cellphone allowance	209 792	197 123
Contributions to UIF, Medical and Pension Funds	154 801	144 868
Total	1 065 252	941 225

The Executive Support Manager was appointed on 1 April 2012.

There are no post-employment benefits, other long-term benefits or termination benefits provided to Section 56 managers.

26 REMUNERATION OF COUNCILLORS

Executive Mayor	678 054	655 819
Speaker	562 400	528 828
Full time Mayoral Committee members	1 899 186	1 761 491
Mayoral Committee members	1 174 812	1 113 135
Councillors	1 368 593	1 317 146
Councillors' pension, medical aid contributions and other statutory	663 734	615 407
Total Councillors' Remuneration	6 346 779	5 991 826

In kind benefits

The Executive Mayor, Speaker, Chief Whip and 3 other Mayoral Committee members are full time councillors. Each is provided with an office, tools of trade and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle for official duties and has a driver.

27 DEPRECIATION AND AMMORTISATION

Property, plant and equipment - depreciation	5 182 187	4 870 231
Intangible assets - ammortisation	176 353	210 206
Total Depreciation and Impairment	5 358 540	5 080 437

28 CONTRACTED SERVICES

Contracted service for:		
Fire Fighting	14 288 994	13 714 443
	14 288 994	13 714 443

This is a funded mandate of Waterberg District Municipality which is performed by local municipalities.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

29 GENERAL EXPENSES	2015 R	2014 R
Included in general expenses are the following:		
Advertising	270 645	185 624
Annual report	140 000	101 309
Audit Committee	72 324	75 535
Audit fees	1 804 648	1 381 737
Bank charges	66 209	60 105
Bursaries	65 805	63 116
Cleaning	167 403	147 876
Consumables	176 711	80 334
Damaged meat claims	1 409	2 000
Delegations	92 219	63 713
Disaster management	78 630	98 420
Discretionary Bursary Fund	99 590	100 000
Donations	-	-
Employee Assistance Program	251 498	290 306
Entertainment	651 393	440 752
Environmental Health - awareness & sampling	94 843	393 359
Financial management grant	685 492	834 680
Insurance	543 431	602 941
Legal expenses	108 942	108 812
Mayoral Golf Challenge	-	-
Meat inspection	198 000	198 000
Membership fees	799 700	674 865
Miscellaneous expenditure	11 180	12 842
Municipal account - water, rates & electricity	1 615 156	1 234 378
Municipal systems improvement grant	660 214	275 213
Pauper Burials	24 158	40 500
Postage	3 113	3 117
Printing and stationery	465 727	499 615
Programming	916 588	820 316
Protective Clothing	73 840	196 095
Relief of Social Distress	-	-
Rental of buildings / offices	468 110	433 336
Rental of office equipment	599 885	392 975
Security costs	1 902 888	1 761 932
State of the District Address	210 271	167 511
Subscription and publication	23 692	37 885
Telephone & cell phone expenses	440 095	498 659
Training	582 192	382 355
Travel and subsistence	3 917 401	4 022 543
Vehicle costs	315 877	352 149
	<u>18 599 279</u>	<u>17 034 905</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
30 CASH GENERATED FROM OPERATIONS		
Net surplus for the year	(7 453 200)	(14 107 005)
Adjustment for non-cash movements:		
Depreciation and amortisation	5 358 540	5 080 437
Loss on sale of assets	407 273	59 411
Reversal of impairment on assets	(6 612)	(1 895 763)
Increase in retirement health care liability	4 204 686	3 729 660
Increase in long service awards liability	392 406	458 978
(Decrease) / Increase in current provisions	(417 395)	257 276
Operating surplus / (loss) before working capital changes	2 485 698	(6 417 006)
Increase in trade receivables	(7 548)	(2 638)
Decrease in other receivables	1 033 471	1 740 012
(Increase) / Decrease in inventory	(535)	29 843
Decrease / (Increase) in VAT receivable	2 394 238	(1 422 782)
Increase / (Decrease) in trade payables	1 401 655	(379 840)
Increase in other payables	809 483	828 598
(Decrease) / Increase in Unspent Conditional Grants and Receipts	17 710 581	(961 212)
Cash generated from operations	25 827 043	(6 585 025)

31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:

Bank balance	3 684 004	5,208,774
Short-term investment deposits	79 369 878	57,222,118
Petty cash	5 200	5,200
	83,059,082	62 436 092

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

32 CORRECTION OF PRIOR PERIOD ERRORS

Debit / (Credit)

32.1 Review of residual values and useful lives

Residual values and useful lives of assets, including fully depreciated assets were reviewed on 30 June 2014 and adjusted retrospectively for assets whose lifespans was incorrectly determined originally.

The comparative amounts for 2014 have been restated.

The effect on the 2013 and 2014 balances are as follows:

	Corrected R	Adjustment R	Previous R
As at 1 July 2013			
Accumulated Surplus	(147 741 993)	(1 740 208)	(146 001 785)
Accumulated Depreciation	(18 199 587)	1 740 208	(19 939 795)
Statement of Financial Performance 2014			
Depreciation	4 870 231	(924 747)	5 794 978
Statement of Financial Position 2014			
PPE - Accumulated Depreciation	(22 877 188)	924 747	(23 801 935)

33 CHANGE IN ESTIMATE

During the year the following changes were made to the estimations employed in the accounting for transactions, assets, liabilities, events and circumstances:

Change in amortisation of Intangible Assets resulting from the reassessment of useful lives prospectively in 14/15. There is no impact on the future periods other than the same reduced amortisation charge as this year. The following categories are affected in the current period:

	Useful life (in years)		
	Original	Amended	
Computer software	4 to 40	4 to 40	
	Value derived using the original estimate	Value derived using the amended estimate	R-value of impact of change in estimate
Computer software	70 179	42 332	(27 847)
(Decrease) / Increase on Surplus for the 14/15 year	70 179	42 332	(27 847)

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE	2015 R	2014 R
34.1 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening Balance	2 000	1 167
Fruitless and wasteful expenditure awaiting condonement To be recovered - Contingent Asset	2 000 -	1 167 -
Fruitless and wasteful expenditure current year	1 409	2 000
Fruitless and wasteful expenditure recovered during the current year	-	-
Condoned or written off by Council	(2 000)	(1 167)
Closing balance	1 409	2 000
Fruitless and wasteful expenditure awaiting condonement To be recovered - Current Asset	1 409 -	2 000 -

Current year

Red Offal was infested with flies because of the heat that led to damaged meat claims to a total of R 1 409 during the current financial year. The matter was investigated and no deliberate or negligent intent was found. The incident is to be reported to Council to be condoned and written off.

Prior year

Flies infestation at the abattoir led to damaged meat claims to a total of R 2 000 during the current financial year. The matter was investigated and no deliberate or negligent intent was found. The incident was reported to Council and condoned and written off.

34.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening Balance	-	-
Irregular expenditure awaiting condonement To be recovered - Contingent Asset	-	-
Irregular expenditure incurred current year	4 450 901	-
Irregular expenditure recovered during the current year	-	-
Condoned or written off by Council	-	-
Closing balance	4 450 901	-
Irregular expenditure awaiting condonement To be recovered - Current Asset	4 450 901 -	-

Current year

Preference points were not calculated on limited bidding procurements above R 30 000.	1,166,108
Local contents requirements were not considered in applicable tenders and bid results were not published on the WDM website.	729,498
Bid specifications requested and bid evaluations was performed on uncertified BBBEE Accreditation certificates	2,555,295

These matters will be investigated and reported to Council.

Prior year

There were no material incidents of irregular expenditure in the previous financial year.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)		
34.3 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening Balance	-	-
Unauthorised expenditure current year	26 045	-
Condoned or approved by Council	-	-
To be recovered - Contingent Asset	-	-
Unauthorised expenditure awaiting authorisation	<u>26 045</u>	<u>-</u>

Current year

The Abattoir department overspent by R 26 045 due to an overspending on the budgeted actuarial valuation costs for post-retirement medical aid which increased by more than projected.

Prior year

There were no material incidents of unauthorised expenditure in the previous financial year.

35 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

35.1 Contributions to organised local government

Opening Balance	-	-
Council subscriptions	653 897	532 130
Amount Paid - current year	(653 897)	(532 130)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

35.2 Audit fees

Opening balance	-	-
Current year audit fees - statutory	1 804 648	1 381 737
Prior year audit fee - forensic	-	-
Amount paid - current year	(1 804 648)	(1 381 737)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

35.3 VAT

VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
35 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
35.4 PAYE		
Opening Balance	-	-
Current year payroll deductions	11 014 889	9 537 729
Amount Paid - Current year	(11 014 889)	(9 537 729)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
35.5 PENSION AND MEDICAL AID DEDUCTIONS		
Opening balance	-	-
Current year payroll deductions and council contributions	16 156 713	14 643 214
Amount Paid - Current year	(16 156 713)	(14 643 214)
Amount Paid - Previous years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
35.6 SUPPLY CHAIN MANAGEMENT REGULATIONS		
<p>In terms of section 36 of the Municipal Supply Chain Management Regulations, the Municipal Manager may dispense with the official procurement process in certain instances and ratify minor breaches.</p> <p>These expenses incurred, approved by the Municipal Manager and reported to Council, are listed below:</p>		
Deviations on goods and services less than R 30 000	495 541	481 601
Deviations on goods and services between R 30 000 and R 200 000	1 831 991	3 528 931
Deviations on goods and services more than R 200 000	2 857 466	765 032
	<u>5 184 998</u>	<u>4 755 564</u>
	<u>5 184 998</u>	<u>4 755 564</u>
<p>The expenditure was incurred as listed below:</p>		
Urgent and emergency procurement	59 613	181 505
Limited bidding procurement	4 914 155	4 501 121
Minor breaches	211 230	72 939
	<u>5 184 998</u>	<u>4 755 565</u>
	<u>5 184 998</u>	<u>4 755 565</u>
36 REMUNERATION OF AUDIT COMMITTEE MEMBERS		
Remuneration	<u>72 324</u>	<u>75 535</u>
	<u>72 324</u>	<u>75 535</u>

3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses. The 3 year term of the new audit committee commenced on 1 August 2011 and ends on 31 July 2014. Four meetings were held during the current year, but the chairperson also attended council meetings.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

37 CAPITAL COMMITMENTS	2015 R	2014 R
Commitments are stated inclusive of Vat.		
37.1 Commitments in respect of capital expenditure:		
Approved and contracted for		
- Computer software	-	115 659
- Disaster Management	473 175	5 511 336
- Movable assets	498 073	29 800
	<u>971 248</u>	<u>5 656 795</u>
The expenditure will be financed from:		
- Own resources	<u>971 248</u>	<u>5 656 795</u>

37.2 Commitments in respect of operating expenditure:

Approved and contracted for		
- Infrastructure	-	1 956 734
- Environmental Health	633 492	-
- Abattoir	112 860	112 860
- Institutional development	3 893 918	4 184 349
	<u>4 640 270</u>	<u>6 253 943</u>
The expenditure will be financed from:		
- Own resources	<u>4 640 270</u>	<u>6 253 943</u>

The municipality has entered into a 5 year contract with ABSA Bank for the provision of banking services commencing on 1 July 2015.

37.3 Commitments in respect of operating leases:

The municipality has no finance leases. At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee		
Within one year	1 163 379	1 124 983
in the second to fifth year inclusive	455 905	1 139 763
Total	<u>1 619 284</u>	<u>2 264 746</u>

Operating lease payments represent rentals payable by the municipality for copiers and office space in Mokopane and Thabazimbi for environmental health practitioners.

All rentals are either fixed term fixed amount contracts or contingent rentals and therefore no smoothing of leases is necessary.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
38 CONTINGENT LIABILITIES		
The following are legal cases pending at year end and the potential liability thereof:		
Verveen Attorneys - defend action against motor vehicle accidents These will not be paid as the roads belong to Roads Agency Limpopo SOC Limited as stipulated in Provincial Gazette 2372 Notice 217 of 13 June 2014.	-	4 169 240
Verveen Attorneys - defend action against alleged breach of contract Alleged contract breach with LIBSA due to not meeting reporting requirement.	1 800 000	1 800 000

39 RELATED PARTIES

Municipal Entity	Waterberg Economic Development Agency
Key Management	Refer to note 25 & 26

There are no other related party transactions or balances for the current year. Waterberg Economic Development Agency is currently dormant.

40 EVENTS AFTER THE REPORTING DATE

There are no material events that occurred after the reporting date.

41 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant and equipment
Useful lives and residual values of intangible assets
Recoverable amounts of property, plant and equipment
Recoverable amounts of intangible assets
Impairment of assets
Present value of defined benefit obligations for medical aid
Present value of defined benefit obligations for long-service awards

The useful lives, residual values, impairment and recoverable amounts of property, plant and equipment and intangible assets are based on existing knowledge, utilisation and conditions of the assets and would not differ materially unless a significant change occurs in its condition or the market value of similar assets.

The present value of defined benefit obligations are measured at fair value based on recently observed market prices for which their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the reporting date since assumption are based on current staff establishment and the requirements of the Collective Agreement which is not subject to change in the near future.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42 RISK MANAGEMENT

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

42.1 Cash flow interest rate risk

The municipality's interest rate risk arises from investments. Investments at variable rates expose the municipality to cash flow interest rate risk. Investments at fixed rates expose the municipality to fair value interest rate risk. The municipal policy is to not invest more than 35% of funds with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are fixed rate investments.

	2015 R	2014 R
At year-end, financial instruments exposed to interest rate risk were as follows:		
- Current bank account	3,684,004	5,208,774
- Call deposits	21,057,151	5,058,226
- 60 days fixed deposits	10,032,836	10,030,453
- 90 days fixed deposits	48,279,891	42,133,439
- 6 month fixed deposits	31,176,088	28,080,662
	<u>114 229 970</u>	<u>90 511 554</u>

42.2 Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

42.3 Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterparty credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2015	Not later than one month	One to three months
Trade and other payables	3 188 392	-
Consumer deposits	-	-
Unspent conditional grants & receipts	-	-
30 June 2015	Later than three months	One to five years
Trade and other payables	160 906	7 494 112
Consumer deposits	-	600
Unspent conditional grants & receipts	18 147 449	-

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42 RISK MANAGEMENT *(continued)*

42.4 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Counterparties:

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

These are the carrying amounts that best represent the maximum exposure to credit risk:

Cash and cash equivalents	83 059 082	62 436 092
Trade and other receivables from exchange transactions	14 919	7 371
Held-to-maturity investments	31 176 088	28 080 662

42.5 Fair value of financial instruments

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

43 RESTATEMENT OF COMPARATIVE INFORMATION

There has been restatements on comparative figures as disclosed in note 32 on prior period errors.

44 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Tables A(1) to A(7). The difference between the Adjusted Budget and final budget relates to virements approved by the Municipal Manager and savings declared on completed projects. Variances of more than 10% between budgeted and actual amounts have been explained in Appendix A (1) and A (2) which form part of the annual financial statements.

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE APPENDIX A (1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2015

REVENUE	2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Abattoir service charges	1 988 913	2 095 000	(106 087)	-5%	Increased turnover at the abattoir due to improved management.
Interest earned - external investments	7 183 234	5 600 000	1 583 234	28%	Higher investment balances due to slower spending on projects.
Interest earned - outstanding debtors	121	50	71	142%	Improved debt management on abattoir and old debts written off.
Government grants and subsidies	104 085 244	122 260 666	(18 175 422)	-15%	MIG only received in March 2015.
Other income	482 204	210 000	272 204	130%	Income from fire fighting higher than past trend.
Reversal of impairment loss on assets	6 612	-	6 612	100%	The investment was written off as irrecoverable, but subsequently received a 9th liquidation dividend. Another asset was repaired which led to the previous impairment being reversed.
Total Revenue	113 867 568	130 165 716	(16 298 148)		
EXPENDITURE					
Employee related costs	(59 545 964)	(68 072 436)	8 526 472	-13%	Under spending due to staff vacancies.
Remuneration of Councillors	(6 346 779)	(6 440 930)	94 151	-1%	
Post-retirement health care expenditure	(4 735 274)	(2 230 707)	(2 504 567)	112%	The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were budgeted based on the prior year forecast but actual discount rates were different.
Long-service award expenditure	(620 879)	(1 097 222)	476 343	-43%	The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were budgeted based on the prior year forecast but actual discount rates were different.
General expenses	(18 599 279)	(19 428 852)	829 573	-4%	Mainly due to austerity measures implemented to reduce expenditure and reduced rental on equipment and insurance due to new tender awards.
Repairs & Maintenance	(778 277)	(1 573 799)	795 522	-51%	Lower breakage than anticipated due to replacements and upgrades.
Fire Fighting	(14 288 994)	(15 791 161)	1 502 167	-10%	Under spending by local municipalities.
Project expenditure	(8 927 175)	(30 644 800)	21 717 625	-71%	Under spending on projects for the majority due to late appointments and re-advertisements on the tender process.
Depreciation and amortisation	(5 358 540)	(7 026 000)	1 667 460	-24%	Assets were procuring later during the year than what was anticipated which led to a reduced depreciation period.
Loss on disposal of Property, Plant and Equipment	(456 735)	(75 000)	(381 735)	509%	More items reported missing and broken during the annual asset verification than originally anticipated.
Total Expenditure	(121 320 768)	(152 380 907)	31 060 139		
NET SURPLUS FOR THE YEAR	(7 453 200)	(22 215 191)	14 761 991		Also refer to note 44

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE APPENDIX A (2) ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2015

	2015	2015	2015	2015	2015	2015	Explanation of Significant Variances greater than 10% versus Budget
	Actual	Total	Budget	Variance	Variance	%	
	R	R	R	R	R	%	
Land and Buildings							
Land	-	-	-	-	-	-	
Buildings & Facilities	487,321	487,321	1,800,039	(1,312,718)	73%		The WDM head office lift and the Disaster Signage projects were not completed and rolled over to 15/16.
Other Assets							
Bins and Containers	57,354	57,354	-	57,354	0%		
Computer Equipment	307,176	307,176	316,654	(9,478)	3%		
Emergency Equipment	231,413	231,413	487,038	(255,625)	52%		The radio communication project was postponed to 15/16 due to budget shortfalls on existing project budget.
Furniture and Fittings	-	-	-	-	-	-	
Office Equipment	37,714	37,714	40,000	(2,286)	6%		
Plant and Equipment	48,000	48,000	50,000	(2,000)	4%		
Motor vehicles	1,524,400	1,524,400	1,699,686	(175,286)	10%		Some funding has been rolled over to assist with planned movable asset procurements.
Specialised vehicles	140,022	140,022	140,022	-	0%		
TOTAL	2 833 400	2 833 400	4 533 439	(1 700 039)			Also refer to note 44

WATERBERG DISTRICT MUNICIPALITY

**UNAUDITED SCHEDULE
APPENDIX B**

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2014/06/30	Received during the period	Redeemed written off during the period	Balance at 2015/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
None			-	-			-	-
TOTAL EXTERNAL LOANS			-	-			-	-

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

Department	Dept Code	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying Value
		Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
		R	R	R	R	R	R	R	R	R	R	R	R	R
Budget & Treasury Office	01	537,691	132,943	-	30,035	(19,486)	681,184	271,126	50,592	11,485	(18,481)	314,722	366,462	
Municipal Manager's Office	02	276,837	21,911	-	58,993	(6,280)	351,461	114,436	25,547	22,560	(3,811)	158,732	192,729	
Corporate Support & Shared Services	03	14,456,459	705,827	-	414,582	(632,907)	14,943,971	5,760,254	736,498	(3,075)	(464,725)	6,028,962	8,915,019	
Planning & Economic Development	04	221,025	15,099	-	(1,921)	(12,173)	222,030	102,276	21,309	(1,006)	(10,671)	111,908	110,122	
Infrastructure Development	05	232,627	-	-	7,178	-	239,805	116,979	11,947	57	-	128,983	110,822	
Executive Mayor's Office	06	2,788,043	977,187	-	(127,365)	(770,272)	2,867,593	1,225,904	285,173	(80,635)	(387,134)	1,043,308	1,824,285	
Social Development & Community Services	07	848,246	4,829	-	(204,312)	-	648,763	155,211	72,494	(100,258)	-	127,447	521,316	
Fire Fighting	08	59,175,032	844,499	-	35,412	(864,098)	59,190,845	14,100,006	3,688,535	141,772	(642,038)	17,288,275	41,902,569	
Environmental Health	09	511,682	39,118	-	(19,842)	(702)	530,257	222,260	51,656	(19,824)	(658)	253,434	276,823	
Abattoir	20	8,334,143	91,987	-	(192,769)	(1,577)	8,231,783	947,971	238,436	28,925	(1,273)	1,214,059	7,017,725	
Total		87,381,785	2,833,400	-	(0)	(2,307,494)	87,907,691	23,016,423	5,182,187	-	(1,528,791)	26,669,819	61,237,872	

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED SCHEDULE APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R	2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
102 183 069	11 553 896	90 629 173	107 584 140	12 217 227	95 366 913
519 276	6 819 550	(6 300 274)	965 171	8 482 035	(7 516 864)
529 307	14 331 575	(13 802 268)	88 100	13 962 212	(13 874 112)
271 708	6 691 154	(6 419 446)	354 399	6 422 660	(6 068 261)
4 276 318	17 312 927	(13 036 609)	2 779 000	7 656 423	(4 877 423)
-	19 424 686	(19 424 686)	-	19 259 328	(19 259 328)
-	2 449 523	(2 449 523)	-	2 567 152	(2 567 152)
1 730 072	24 624 194	(22 894 122)	107 723	27 676 798	(27 569 075)
-	16 360 756	(16 360 756)	-	16 428 539	(16 428 539)
1 670 741	5 719 235	(4 048 494)	1 989 035	6 648 394	(4 659 359)
111 180 491	125 287 496	(14 107 005)	113 867 568	121 320 768	(7 453 200)