

Chapter 5

Financial Performance



Statement of Financial Position

Audited Financial Statements

5.1 Statements of Financial Performance

Figure / Table 77: Statement of Financial Performance

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	Restated 2012
Revenue			
Revenue from exchange transactions			
Service charges	22	76 524 578	74 593 511
Rental of facilities and equipment		415 297	323 901
Interest received (trading)		16 416 211	15 529 229
Discount received		-	7 654
Recoveries		-	8 353 558
Other income	23	1 607 433	2 034 288
Interest received - investment	24	1 501 123	962 951
Total revenue from exchange transactions		96 464 642	101 805 092
Revenue from non-exchange transactions			
Property rates	26	16 194 067	11 008 056
Government grants & subsidies	27	117 791 362	93 689 626
Public contributions and donations	28	2 043 939	10 441 162
Fines		115 585	195 850
Total revenue from non-exchange transactions		136 144 953	115 334 694
Total revenue	25	232 609 595	217 139 786
Expenditure			
Bulk purchases	29	(28 834 798)	(17 391 204)
Contracted services	39	(12 622 881)	(8 925 128)
Debt impairment	30	(44 402 410)	(43 155 573)
Depreciation and amortisation	31	(65 992 159)	(63 963 155)
Finance costs	32	(2 254 743)	(1 418 917)
General Expenses	33	(43 454 968)	(24 965 893)
Impairment loss	14	(333 593)	-
Personnel	34	(57 012 665)	(47 067 072)
Remuneration of councillors	35	(4 924 503)	(4 338 252)
Repairs and maintenance		(9 007 640)	(10 510 882)
Total expenditure		(268 840 360)	(221 736 076)
Operating deficit	36	(36 230 765)	(4 596 290)
Gain (loss) on disposal of assets and liabilities	36	102 341	(29 956)
Fair value adjustments	37	85 220	149 615
		187 561	119 659
Deficit for the year		(36 043 204)	(4 476 631)

5.2 Grants

Figure / Table 80: Grants

Nketoana Local Municipality
Appendix E
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2013

Name of Grants	Quarterly Receipts			Quarterly Expenditure				Grants and Subsidies delayed / withheld	Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
	Jul	Jan	Apr	Jul	Oct	Jan	Apr			
RBIG	-	1 570 941	1 265 826	-	-	1 361 404	1 475 363	-		Yes
MSIG	800 000	-	-	411 796	335 135	204 183	-	-	an over expenditure on the grant, will be moved to own funds of the municipality	Yes
MFMG	1 500 000	-	-	77 859	368 879	1 011 076	372 981	-	This shows as an over expenditure on the grant, but there was an opening balance of R511491	Yes
MIG	16 189 000	15 474 000	2 355 000	3 232 814	4 922 491	7 589 552	18 273 143	-		Yes
EQUITABLE SHARE	32 472 000	25 902 000	19 483 000	-	-	-	-	76 000	The letter from Treasury was received indicating the R76000 that was withheld was in relation to the unspent grant of MFMG for previous financial years	Yes
	50 961 000	42 946 941	23 103 826	3 722 469	5 626 505	10 166 215	20 121 487	76 000		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

5.3 Assets

Figure / Table 82: Assets

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	666 614 801	666 614 801
Adjustments		
Correction of errors	(8 723 598)	(8 723 598)
Prior year adjustments	(2 855 276)	(2 855 276)
Balance at 01 July 2011 as restated	655 035 927	655 035 927
Changes in net assets		
Surplus for the year	(4 476 631)	(4 476 631)
Total changes	(4 476 631)	(4 476 631)
Opening balance as previously reported	650 559 304	650 559 304
Adjustments		
Correction of errors	932 528	932 528
Prior year adjustments	(4 399 992)	(4 399 992)
Balance at 01 July 2012 as restated	647 091 840	647 091 840
Changes in net assets		
Surplus for the year	(36 043 204)	(36 043 204)
Total changes	(36 043 204)	(36 043 204)
Balance at 30 June 2013	611 048 636	611 048 636

Refer note 43 - Prior period error & adjustments

5.4 Basic Service Delivery

Figure / Table 83: Basic Service Delivery

**Nketoana Local Municipality
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013**

	2013/2012								2012/2011						
	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	110 653 000	14 002 000	124 655 000	-	-	124 655 000	153 243 369	-	28 588 369	123 %	138 %	-	-	-	117 126 534
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	96 455 000	27 734 000	124 189 000	-	-	124 189 000	152 849 254	-	28 660 254	123 %	158 %	-	-	-	117 126 534
Corporate services	14 198 000	(13 732 000)	466 000	-	-	466 000	394 115	-	(71 885)	85 %	3 %	-	-	-	-
Community and public safety	3 446 000	(2 912 000)	536 000	-	-	536 000	2 591 700	-	2 055 700	484 %	75 %	-	-	-	15 225 518
Community and social services	3 448 000	(3 013 000)	435 000	-	-	435 000	2 591 700	-	2 156 700	596 %	75 %	-	-	-	15 029 688
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	101 000	101 000	-	-	101 000	-	-	(101 000)	- %	DIV/0 %	-	-	-	195 850
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	717	-	717	DIV/0 %	DIV/0 %	-	-	-	3 526 673
Planning and development	-	-	-	-	-	-	717	-	717	DIV/0 %	DIV/0 %	-	-	-	555 548
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	2 971 125
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	89 532 000	(231 000)	89 301 000	-	-	89 301 000	76 773 809	-	(12 527 191)	86 %	86 %	-	-	-	81 410 676
Electricity	30 548 000	(2 096 000)	28 452 000	-	-	28 452 000	30 170 899	-	1 718 899	106 %	99 %	-	-	-	28 050 580
Water	30 278 000	821 000	31 099 000	-	-	31 099 000	24 268 137	-	(6 830 863)	78 %	80 %	-	-	-	33 801 718
Waste water management	13 149 000	1 306 000	14 455 000	-	-	14 455 000	11 292 399	-	(3 162 601)	78 %	86 %	-	-	-	19 758 378
Waste management	15 557 000	(262 000)	15 295 000	-	-	15 295 000	11 042 374	-	(4 252 626)	72 %	71 %	-	-	-	-
Other	-	267 000	267 000	-	-	267 000	-	-	(267 000)	- %	DIV/0 %	-	-	-	-
Other	-	267 000	267 000	-	-	267 000	-	-	(267 000)	- %	DIV/0 %	-	-	-	-
Total Revenue - Standard	203 633 000	11 126 000	214 759 000	-	-	214 759 000	232 609 595	-	17 850 595	108 %	114 %	-	-	-	217 289 401

**Nketoana Local Municipality
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013**

	2013/2012								2012/2011						
	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	74 127 000	59 187 000	133 314 000	-	-	133 314 000	86 127 104	(47 186 896)	(47 186 896)	65 %	116 %	1 077 651	-	(1 077 651)	46 465 850
Executive and council	15 407 000	901 000	16 308 000	-	-	16 308 000	18 125 578	1 817 578	1 817 578	111 %	118 %	433 028	-	(433 028)	16 281 708
Budget and treasury office	35 474 000	66 453 000	103 927 000	-	-	103 927 000	47 190 509	(56 736 491)	(56 736 491)	45 %	133 %	342 675	-	(342 675)	30 184 142
Corporate services	23 248 000	(10 167 000)	13 079 000	-	-	13 079 000	20 811 017	7 732 017	7 732 017	159 %	90 %	301 948	-	(301 948)	-
Community and public safety	6 810 000	5 641 000	12 451 000	-	-	12 451 000	18 317 319	5 866 319	5 866 319	147 %	269 %	192 527	-	(192 527)	33 939 565
Community and social services	3 372 000	6 350 000	9 722 000	-	-	9 722 000	13 417 830	3 695 830	3 695 830	138 %	398 %	124 791	-	(124 791)	30 959 400
Sport and recreation	-	-	-	-	-	-	1 695 332	1 695 332	1 695 332	DIV/0 %	DIV/0 %	38 132	-	(38 132)	267 634
Public safety	3 438 000	(709 000)	2 729 000	-	-	2 729 000	3 204 157	475 157	475 157	117 %	93 %	29 604	-	(29 604)	2 712 531
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	41 867 000	(30 511 000)	11 356 000	-	-	11 356 000	56 830 274	45 474 274	45 474 274	500 %	136 %	151 541	-	(151 541)	47 843 979
Planning and development	12 567 000	(7 137 000)	5 430 000	-	-	5 430 000	4 868 173	(561 827)	(561 827)	90 %	39 %	105 325	-	(105 325)	5 680
Road transport	29 300 000	(23 374 000)	5 926 000	-	-	5 926 000	51 962 101	46 036 101	46 036 101	877 %	177 %	48 216	-	(48 216)	47 838 299
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	69 825 000	15 419 000	85 244 000	-	-	85 244 000	107 378 102	20 888 961	22 134 102	126 %	154 %	339 906	-	(339 906)	93 516 638
Electricity	29 898 000	13 504 000	43 402 000	-	-	43 402 000	44 088 146	(560 955)	(560 955)	102 %	147 %	75 274	-	(75 274)	30 528 617
Water	17 321 000	2 196 000	19 517 000	-	-	19 517 000	27 674 586	8 157 586	8 157 586	142 %	160 %	89 488	-	(89 488)	21 658 908
Waste water management	14 435 000	(2 611 000)	11 824 000	-	-	11 824 000	22 661 662	10 867 662	10 867 662	192 %	157 %	123 131	-	(123 131)	23 479 158
Waste management	8 171 000	2 330 000	10 501 000	-	-	10 501 000	12 925 708	2 424 708	2 424 708	123 %	158 %	52 033	-	(52 033)	17 650 055
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	192 629 000	49 736 000	242 365 000	-	-	242 365 000	268 652 799	25 042 658	26 287 799	111 %	139 %	1 761 625	-	(1 761 625)	221 766 032
Surplus/(Deficit) for the year	11 004 000	(38 610 000)	(27 606 000)	-	-	(27 606 000)	(36 043 204)	-	(8 437 204)	131 %	(328)%	-	-	-	(4 476 631)

Component A: Capital Budget

Figure / Table 84: Capital expenditure by Vote, standard classification and source of funding

Nketoana Local Municipality
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013

	2013/2012									2012/2011					
	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
Executive and Council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Finance and Admin	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and Environment services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Single-year expenditure															
Executive and Council - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	151 514
Finance and Admin - Vote2	900 000	(250 000)	650 000	-	-	650 000	782 465	-	132 465	120 %	87 %	-	-	-	1 481 054
Community social services - Vote3	-	3 783 000	3 783 000	-	-	3 783 000	1 855 896	-	(1 927 104)	49 %	DIV/0 %	-	-	-	193 597
Waste Management - Vote4	6 037 000	1 769 000	7 806 000	-	-	7 806 000	1 846 254	-	(5 959 746)	24 %	31 %	-	-	-	7 987 397
Economic and Environment Services - Vote5	6 880 000	2 604 000	9 284 000	-	-	9 284 000	16 435 107	-	7 151 107	177 %	246 %	-	-	-	4 316 623
Water - Vote6	28 047 000	(5 621 000)	22 426 000	-	-	22 426 000	9 533 037	-	(12 892 963)	43 %	34 %	-	-	-	9 404 924
Electricity - Vote7	3 550 000	1 350 000	4 900 000	-	-	4 900 000	8 874 542	-	3 974 542	181 %	250 %	-	-	-	2 381 955
Waste Water Management - Vote8	12 194 000	(8 994 000)	3 200 000	-	-	3 200 000	2 730 438	-	(469 562)	85 %	22 %	-	-	-	8 528 739
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	57 408 000	(5 359 000)	52 049 000	-	-	52 049 000	42 057 739	-	(9 991 261)	81 %	73 %	-	-	-	-
Total Capital Expenditure - Vote	57 408 000	(5 359 000)	52 049 000	-	-	52 049 000	42 057 739	-	(9 991 261)	81 %	73 %	-	-	-	-

Component B: Cash Flow Management and Investments

5.5 Cash flows

Figure / Table 86: Cash flows

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Sale of goods and services		53 902 600	43 963 187
Grants		118 052 625	93 689 626
Interest income		1 501 123	962 951
Other receipts		1 809 721	3 097 497
		175 266 069	141 713 261
Payments			
Employee costs		(61 937 168)	(50 947 630)
Suppliers		(98 671 161)	(58 628 376)
Finance costs		(945 498)	(986 333)
		(161 553 827)	(110 562 339)
Net cash flows from operating activities	40	13 712 242	31 150 922
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(40 664 791)	(23 228 890)
Proceeds from sale of property, plant and equipment	11	352 907	-
Purchase of other intangible assets	12	(152 147)	(755 759)
Proceeds from sale of financial assets		(23 545)	(27 365)
Proceeds from sale of biological assets that form part of an agricultural activity	9	-	27 500
Other cash item		-	(1 112)
Net cash flows from investing activities		(40 487 576)	(23 985 626)
Cash flows from financing activities			
Repayment of non-current borrowings		(743 363)	(194 527)
Net cash flows from financing activities		(743 363)	(194 527)
Net increase/(decrease) in cash and cash equivalents		(27 518 697)	6 970 769
Cash and cash equivalents at the beginning of the year		17 128 369	10 157 600
Cash and cash equivalents at the end of the year	8	(10 390 328)	17 128 369

5.6 Investments

Figure / Table 87: Investments

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
13. Investments		
Designated at fair value		
Money Market	3 639 960	3 495 199
Standard Bank		
At amortised cost		
Unlisted shares	5 000	5 000
Vrystaat Korporasie Beperk		
Other long term investments	404 105	345 933
Old Mutual		
Preference shares	233 908	328 076
Vrystaat Korporasie Beperk		
	643 013	679 009
Total other financial assets	4 282 973	4 174 208
Non-current assets		
Designated at fair value	3 639 960	3 495 199
At amortised cost	643 013	679 009
	4 282 973	4 174 208
Financial assets at fair value		
Fair value hierarchy of financial assets at fair value		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 1		
Money Market	3 639 960	3 495 199

5.7 Borrowing

Figure / Table 88: Borrowing

Nketoana Local Municipality
Appendix A
 June 2013

Schedule of external loans as at 30 June 2013

Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
Development Bank of South Africa							
DBSA @ 10.35%	101390/1	8 214 557	-	335 870	7 878 687	-	-
DBSA @ 9.09%	101390/2	1 370 209	-	61 157	1 309 052	-	-
Grainfield Chicken (Pty) Ltd		4 116 392	-	110 798	4 005 594	-	-
		13 701 158	-	507 825	13 193 333	-	-
Total external loans		13 701 158	-	507 825	13 193 333	-	-

Component C: Disclosure of Staff Remuneration

Figure / Table 89: Disclosure of staff remuneration

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

34. Personnel

Basic	36 016 911	29 231 005
Bonus	2 600 189	2 216 239
Medical aid	2 312 985	1 863 014
UIF	359 794	312 088
WCA	176 004	219 089
SDL	478 603	542 371
Leave pay provision charge	1 291 365	537 304
Salga	28 474	4 777
Travel, motor car, accommodation, subsistence and other allowances	1 735 502	1 529 283
Overtime payments	2 291 585	2 134 706
Acting allowances	261 459	140 793
Housing benefits and allowances	158 297	152 515
Pension fund contribution	6 412 577	5 376 600
Standby allowance	665 048	641 698
Other & Telephone	551 970	457 694
	55 340 763	45 359 176

Remuneration of municipal manager

Annual Remuneration	785 047	801 506
Acting Allowance	34 326	-
Car Allowance	140 000	180 000
Contributions to UIF	1 373	1 497
Medical and Pension Funds	39 785	-
	1 000 531	983 003

Remuneration of chief finance officer

Annual Remuneration	565 169	639 396
Acting allowance	27 829	-
Car Allowance	77 000	84 000
Contributions to UIF	1 373	1 497
	671 371	724 893

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

Total personnel cost

Personnel - Managers and Other	55 340 763	45 359 176
Municipal Manager	1 000 531	983 003
Chief Financial Offer	671 371	724 893
	57 012 665	47 067 072

Figure / Table 89: Disclosure of council remuneration

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
35. Remuneration of councillors		
Mayor	673 035	594 773
Executive Committee	1 165 694	1 022 017
Councillors	2 523 877	2 214 567
Speaker	561 897	506 895
	4 924 503	4 338 252

