

## Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June, 2014

### Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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#### 13. Employee benefit obligations (continued)

##### Net expense recognised in the statement of financial performance

Current service cost	531,000	412,000
Interest cost	772,000	733,000
Actuarial (gains) losses	502,994	585,000
Benefits paid	(428,994)	(676,000)
	<b>1,377,000</b>	<b>1,054,000</b>

##### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	502,994	585,000
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##### Key assumptions used

Assumptions used at the reporting date for the Medical Aid benefit:

Discount rates used	8.94 %	7.89 %
Consumer Price Inflation	7.05 %	6.14 %
Expected increase in healthcare costs	8.05 %	7.14 %
Net effective discount rate	0.82 %	0.70 %

##### Discount rate

The basis on which the discount rate has been determined is as follow: The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve

Our discount rate was therefore set as the yield of the R209 South African government bond as at the valuation date. The actual yield on the R209 bond was sourced from the RMB Global Markets website on the 30th of June 2014.

##### Medical Aid Inflation

The medical aid inflation rate was set with reference to the past relationship between CPI and medical aid contribution rate Inflation. We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between current conventional government bond yields (R209) and current index-linked bond yields (R202).

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would out-strip general inflation by 1% per annum over the foreseeable future.

##### Mortality Rates

Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS

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#### 13. Employee benefit obligations (continued)

##### Sensitivity analysis

As mentioned in the introduction of this report, the valuation is only an estimate of the cost of providing post employment medical aid benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/decrease in the assumed level of mortality;
- 1% increase/decrease in the Medical Aid inflation.

##### Mortality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%. The effect is as follows

	-20% Mortality rate	Valuation Assumption	+20% Mortality rate
Total accrued liability	8,554,000	7,789,000	7,192,000
Interest Cost	741,000	672,000	619,000

##### Medical aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a. change in the medical aid inflation assumption. The effect is as follows

	-1% Medical aid inflation	Valuation Assumption	+1% Medical aid inflation
Total Accrued Liability	7,105,000	7,789,000	8,576,000
Interest Cost	611,000	672,000	743,000

Assuming that the post-employment medical aid subsidy policy stay the same and that the actuarial assumptions are borne out in practice the Municipality's unfunded accrued liability and future service cost can be projected as follows:

##### Changes in the value of the obligation:

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#### 13. Employee benefit obligations (continued)

	Current Valuation Date 30-06-2014 R	1 Year Following the Valuation Date R	2 Years Following the Valuation Date R	3 Years Following the Valuation Date R
PV of the obligation as at previous valuation date	6,972,000	7,789,000	7,904,000	8,014,000
Interest Cost	531,000	672,000	681,000	690,000
Benefits Paid	(308,420)	(557,000)	(571,000)	(583,000)
Actuarial Loss/ (Gain)	594,420	-	-	-
PV of the obligation as at current valuation date	<u>7,789,000</u>	<u>7,904,000</u>	<u>8,014,000</u>	<u>8,121,000</u>

#### Amounts recognised in the annual financial statements

	Current Valuation Date 30-06-2014	1 Year Following the Valuation Date	2 Years Following the Valuation Date	3 Years Following the Valuation Date
Liability recognised in the financial position	7,789,000	7,904,000	8,014,000	8,121,000
Interest Cost in the income statement	531,000	672,000	681,000	690,000
Actuarial Loss / (Gain) recognised in performance statement	594,420	-	-	-

#### 14. Long-term deposit

Additional Capacity	2,018,500	2,018,500
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Long-term deposit is a deposit held by Eskom for the upgrade done by the municipality to the electricity network.

No interest are earned on the deposit account.

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#### 15. Discontinued operations or disposal groups or non-current assets held for sale

The municipality has decided to dispose of residential sites in accordance with section 14 of the local government, Municipal Finance Management Act 56 of 2003, subsection 2(b).

The non-current assets are to be sold piecemeal at a market price of R 5,000 per site.

The disposal are expected to be completed once all requirements are met for full occupation and title of ownership has transferred at the title deed offices. .

#### Surplus / Deficit

Expenses	-	853,948
Net surplus before tax	-	853,948
Net surplus after tax	-	853,948
Gain (loss) on measurement to fair value less cost to sell	-	(853,948)
	-	-

#### Assets and liabilities

##### Non-current assets held for sale

Property, plant and equipment	1,595,264	2,250,000
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"A decision was taken by council to reduce the allocated portion of sites to fast track the occupation process, this resulted in a remeasurement of the Non-current assets held for sale. This resulted in an impairment loss as presented above under surplus/deficit."

#### 16. Unspent conditional grants and receipts

##### Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

MFMG	709,324	45,589
INEG	1,052,001	-
RBIG	1,548,203	-
MIG	-	5,300,677
EPWP Grant	370,333	143,312
	<b>3,679,861</b>	<b>5,489,578</b>

##### Movement during the year

Balance at the beginning of the year	5,489,578	5,657,957
Additions during the year	54,394,832	117,622,983
Income recognition during the year	(56,204,549)	(117,791,362)
	<b>3,679,861</b>	<b>5,489,578</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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Annual Financial Statements for the year ended 30 June, 2014

### Notes to the Annual Financial Statements

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<b>16. Unspent conditional grants and receipts (continued)</b>		
See note 25 for reconciliation of grants from National/Provincial Government.		
<b>17. Other financial liabilities</b>		
<b>At amortised cost</b>		
DBSA loans Fixed interest rates of 10.35% with fixed instalments of R 96, 732.62 p/m. The maturity date of this loan is 2024.	7,409,479	7,516,909
DBSA loans Fixed interest rates of 9.09% with fixed instalments of R 15, 156.21 p/m. The maturity date of this loan is 2024.	1,226,951	2,181,898
Grainfield Chickens (Pty) Ltd Interest are charged to the loan at prime rate. The capital repayment of this loan are linked to the electricity charged to Grainfield Chickens plus a 10% margin.	2,680,830	2,680,830
	<b>11,317,260</b>	<b>12,379,637</b>
<b>Total other financial liabilities</b>	<b>11,317,260</b>	<b>12,379,637</b>
The Municipality shall execute a cession to the benefit of the DBSA on its Standard Bank fixed deposit investment of R 3, 826 144 of which is disclosed under investments note 12		
<b>Non-current liabilities</b>		
At amortised cost	10,410,778	11,440,784
<b>Current liabilities</b>		
At amortised cost	906,482	938,853

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#### 18. Provisions

##### Reconciliation of provisions - 2014

	Opening Balance	Utilised during the year	Total
Environmental rehabilitation	4,004,580	(225,624)	3,778,956

##### Reconciliation of provisions - 2013

	Opening Balance	Interest cost	Total
Environmental rehabilitation	3,869,757	134,823	4,004,580

#### Environmental rehabilitation provision

The provision for rehabilitation of landfill site related to the constructive obligation to rehabilitate landfill sites used for waste disposal. The provision is discounted to the present value of the future cost to rehabilitate the landfill site, using the average cost of the municipality borrowing interest rate of 9.72%.

The landfill site are located at Mamafubedu and Ntha.

#### 19. Payables from exchange transactions

Trade payables	66,672,790	7,895,023
Deferred Revenue on Pre Paid Electricity	392,958	501,374
Accrued leave pay	5,490,223	4,544,657
Accrued bonus	1,520,471	1,178,137
Deposits received	41,644	34,244
Finance portion of trade payables	-	14,101
UIF refundable	-	23,648
	<b>74,118,086</b>	<b>14,191,184</b>

#### 20. VAT payable

Tax refunds payables	14,844,053	17,945,945
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VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors and claimed from SARS once suppliers have been paid.

#### VAT accounted on cash basis

Receivable from SARS - cash basis	(1,310,607)	(3,469,164)
VAT payable on invoice basis	15,502,870	21,415,109
	<b>14,192,263</b>	<b>17,945,945</b>

## Nketoana Local Municipality

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#### 21. Consumer deposits

Electricity	1,227,450	1,205,321
Other deposits	23,894	23,242
	<b>1,251,344</b>	<b>1,228,563</b>

No interest accrued or paid on consumer deposits

#### 22. Revenue

Service charges	97,801,899	76,524,578
Rental of facilities and equipment	433,839	476,571
Interest consumer debtors	19,071,015	16,416,211
Other income	1,397,572	1,607,433
Interest received - investment	411,307	1,501,123
Property rates	16,766,245	16,194,067
Government grants & subsidies	128,777,665	118,114,362
Public contributions and donations	8,000	2,043,939
Fines	94,074	143,185
	<b>264,761,616</b>	<b>233,021,469</b>

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

Service charges	97,801,899	76,524,578
Rental of facilities and equipment	433,839	476,571
Interest consumer debtors	19,071,015	16,416,211
Other income	1,397,572	1,607,433
Interest received - investment	411,307	1,501,123
	<b>119,115,632</b>	<b>96,525,916</b>

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

##### Taxation revenue

Property rates	16,766,245	16,194,067
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##### Transfer revenue

Government grants & subsidies	128,777,665	118,114,362
Public contributions and donations	8,000	2,043,939
Fines	94,074	143,185
	<b>145,645,984</b>	<b>136,495,553</b>

## Nketoana Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand 2014      2013

#### 23. Property rates

##### Rates received

Residential	16,766,245	16,194,067
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##### Valuations

Residential	1,096,175,410	248,176,900
Commercial	214,246,254	60,201,890
State	195,149,540	97,856,000
Municipal	327,988,500	1,595,900
Agriculture	3,311,129,898	483,950,300
	<b>5,144,689,602</b>	<b>891,780,990</b>

Valuations on property rates are performed every 4 years. The last general valuation came into effect on 1 July 2013. Rebates of R 20, 000 (2013: R 20, 000) are generated to residential property owners.

Rates are levied on an monthly basis. Interest at prime plus 1% per annum, is levied on rates older then 30 days..

The new general valuation will be implemented on 01 July 2018.

#### 24. Service charges

Sale of electricity	35,997,676	29,513,657
Sale of water	36,192,132	24,247,485
Sewerage and sanitation charges	12,364,199	11,279,735
Refuse removal	13,247,892	11,483,701
	<b>97,801,899</b>	<b>76,524,578</b>



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Figures in Rand	2014	2013
<b>25. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	77,680,266	77,696,000
MSIG	890,000	815,996
MFMG	840,676	1,795,753
LG SETA	239,117	185,742
EPWP	772,979	856,688
	<b>80,423,038</b>	<b>81,350,179</b>
<b>Capital grants</b>		
MIG	32,297,000	34,018,000
RBIG	12,109,628	2,746,183
INEG	3,947,999	-
	<b>48,354,627</b>	<b>36,764,183</b>
	<b>128,777,665</b>	<b>118,114,362</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	37,975,674	36,629,749
Unconditional grants received	85,455,725	81,161,613
	<b>123,431,399</b>	<b>117,791,362</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. The equitable share is an unconditional grant and is utilised to assist the local municipalities to undertake service delivery.

#### Equitable Share

Current-year receipts or allocated	78,119,000	77,373,000
Conditions met - transferred to revenue	(72,334,000)	(77,373,000)
MIG surrender against equitable share	(5,300,677)	-
MFMG surrender against equitable share	(45,589)	-
	<b>438,734</b>	<b>-</b>

#### MSIG

Balance unspent at beginning of year	-	15,938
Current-year receipts	890,000	800,000
Conditions met - transferred to revenue	(890,000)	(815,938)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 16).

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### Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>25. Government grants and subsidies (continued)</b>		
<b>MFMG</b>		
Balance unspent at beginning of year	45,589	341,342
Current-year receipts	1,550,000	1,500,000
Conditions met - transferred to revenue	(840,676)	(1,795,753)
Surrender against Equitable Share	(45,589)	-
	<b>709,324</b>	<b>45,589</b>
Conditions still to be met - remain liabilities (see note 16).		
<b>LG SETA</b>		
Current-year receipts	232,548	131,442
Conditions met - transferred to revenue	(232,548)	(131,442)
	-	-
<b>INEG</b>		
Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(3,947,999)	-
	<b>1,052,001</b>	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
<b>RBIG</b>		
Current-year receipts	13,657,832	2,746,183
Conditions met - transferred to revenue	(12,109,629)	(2,746,183)
	<b>1,548,203</b>	-
Conditions still to be met - remain liabilities (see note 16).		
<b>MIG</b>		
Balance unspent at beginning of year	5,300,677	5,300,677
Current-year receipts	32,297,000	34,018,000
Conditions met - transferred to revenue	(32,297,000)	(34,018,000)
Surrender against Equitable Share	(5,300,677)	-
	-	<b>5,300,677</b>
Conditions still to be met - remain liabilities (see note 16).		

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#### 25. Government grants and subsidies (continued)

##### EPWP Grant

Balance unspent at beginning of year	143,312	-
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(772,979)	(856,688)
	<b>370,333</b>	<b>143,312</b>

Conditions still to be met - remain liabilities (see note 16).

#### 26. Public contributions and donations

Public contributions and donations	8,000	2,043,939
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##### Public contributions received - 2014

During the financial year the municipality received two Zebra's with a market value of R 4,000 each. This was recognised as addition to the municipalities biological assets.

##### Public contributions received - 2013

The Department of Sports, Arts, Culture and Recreation has funded the erection of a Multipurpose Centre in Petrus Steyn. This project was implemented by the Department of Public Works.

The assets are capitalised and included under Community Assets under note 10 .

#### 27. Other income

Insurance claims	207,677	248,357
Connection fees	826,001	1,011,455
Garden refuse	201	2,682
Building plans & Clearance certificates	71,422	47,908
Sundries	292,271	297,031
	<b>1,397,572</b>	<b>1,607,433</b>

"Sundries include commission, tender documents and bridging of meters (fines)".

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<b>28. General expenses</b>		
Advertising	150,126	398,842
Assets expensed	209,933	212,568
Auditors remuneration	4,317,480	3,258,557
Bank charges	565,541	510,283
Bursaries	543,411	413,428
Chemicals	2,171,410	1,861,862
Cleaning	988,679	133,740
Commission paid	449,249	378,564
Consumables	1,685,513	425,106
Debt collection	523,699	858,891
Donations	1,015,183	796,746
Electricity	5,407,642	9,413,849
Entertainment	511,307	536,769
Fines and penalties	195,186	22,497
Fuel and oil	6,454,607	5,184,308
Insurance	970,283	688,144
Lease rentals on operating lease	3,141,412	3,034,593
License fees	678,636	158,524
Magazines, books and periodicals	-	61,000
Other expenses	1,279,762	731,495
Postage and courier	12,706	137,174
Printing and stationery	2,710,965	2,042,558
Promotions & Marketing	2,244,199	707,829
Public participation	786,876	1,894,595
Refuse	1,376,738	1,997,636
Security	238,527	32,340
Subscriptions and membership fees	104,551	1,112,303
Telephone and fax	974,028	778,615
Training	2,239,959	3,476,547
Travel - local	2,420,814	2,475,729
Uniforms	923,408	228,097
	<b>45,291,830</b>	<b>43,963,189</b>

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<b>29. Operating deficit</b>		
Operating deficit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Motor vehicles		
• Contractual amounts	2,323,776	1,266,031
Equipment		
• Contractual amounts	817,636	1,768,562
	<b>3,141,412</b>	<b>3,034,593</b>
Gain on sale of property, plant and equipment	654,736	912,276
Impairment on property, plant and equipment	-	853,948
Gain on sale of non-current assets held for sale and net assets of disposal groups	654,736	764,473
Amortisation on intangible assets	12,298	148,954
Depreciation on property, plant and equipment	64,210,693	74,180,985
Depreciation on investment property	146,590	146,590
Employee costs	74,027,068	62,670,477

## Nketoana Local Municipality

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<b>30. Personnel</b>		
Basic	44,048,614	36,016,911
Bonus	3,263,459	2,600,189
Medical aid	2,208,898	1,727,985
UIF	441,921	359,794
WCA	175,697	176,004
SDL	575,908	478,603
Leave and bonus charge	1,287,901	1,291,365
SALGA	30,210	28,783
Defined contribution plans	1,274,995	1,318,000
Travel, motor car, accommodation, subsistence and other allowances	2,237,872	1,735,502
Overtime payments	3,203,465	2,291,585
Acting allowances	369,130	261,459
Housing benefits and allowances	250,739	158,297
Pension fund contribution	7,544,946	6,412,577
Standby allowance	1,019,681	665,048
Other & Telephone	714,418	551,970
	<b>68,647,854</b>	<b>56,074,072</b>

#### Defined Contribution plans include the following;

Interest on medical aid benefit	772,000	733,000
Actuarial loss/ (Gain)	502,995	585,000
	<b>1,274,995</b>	<b>1,318,000</b>

Defined Contribution plans consist of Long Service Awards and Medical Aid Benefits. Refer to note 13.

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<b>30. Personnel (continued)</b>		
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	730,964	785,047
Car Allowance	201,801	140,000
Acting allowance	-	34,326
Bonus	63,667	-
Telephone Allowance	16,000	-
Housing Allowance	48,000	-
Subsistence allowance	4,530	-
Back pay	35,117	-
Contributions to UIF, Medical and Pension Funds	112,659	41,158
	<b>1,212,738</b>	<b>1,000,531</b>

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

#### Remuneration of Acting Chief Financial Officer

Annual Remuneration	261,998	565,169
Acting allowance	111,315	27,829
Bonus	27,073	-
Telephone Allowance	4,512	-
Subsistence allowance	6,608	-
Travelling allowance	123,401	77,000
Contributions to UIF, Medical and Pension Funds	92,270	1,373
	<b>627,177</b>	<b>671,371</b>

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#### 30. Personnel (continued)

##### Remuneration of Chief Financial Officer

Remuneration	386,231	-
Annual bonus	14,556	-
Telephone Allowance	12,000	-
Housing allowance	48,000	-
Travelling allowance	94,901	-
Subsistence allowance	1,800	-
Contributions to UIF, Medical and Pension Funds	6,086	-
	<b>563,574</b>	<b>-</b>

Mr BB Sithole was appointed as Chief Financial Officer from the 1st of November 2013.

##### Remuneration of Director: Corporate Services

Annual Remuneration	714,950	683,200
Annual bonus	42,000	42,000
Telephone allowance	14,400	14,400
Housing allowance	12,000	12,000
Travel allowance	36,248	32,400
Subsistence	948	-
Backpay	22,344	-
Contributions to UIF, Medical and Pension Funds	10,104	-
	<b>852,994</b>	<b>784,000</b>

##### Remuneration of Director: Technical Services

Annual Remuneration	605,134	508,000
Car Allowance	194,313	180,000
Bonuses	44,000	48,000
Housing Allowance	24,000	24,000
Telephone	24,000	24,000
	<b>891,447</b>	<b>784,000</b>

##### Remuneration of Director: Community Services

Annual Remuneration	711,259	656,800
Car Allowance	76,887	72,000
Bonuses	24,000	24,000
Housing Allowance	24,000	24,000
Telephone Allowance	10,400	7,200
	<b>846,546</b>	<b>784,000</b>



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#### 31. Remuneration of councillors

Mayor	709,735	673,035
Executive Committee	1,289,934	1,165,694
Councillors	2,806,332	2,523,877
Speaker	573,214	561,897
	<b>5,379,215</b>	<b>4,924,503</b>

#### In-kind benefits

The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Speaker has use of Council owned vehicles for official duties.

The Mayor and the Speaker has use of Council owned laptops and I-pads.

The Executive Committee members also has use of Council owned laptops.

Councillor remuneration is in line with the upper limits that is Gazetted by the Department of Cooperative governance and the framework envisaged in section 219 of the Constitution.

#### 32. Debt impairment

Debt impairment written off	41,712,998	29,608,495
Contributions to debt impairment provision	54,091,026	14,793,915
	<b>95,804,024</b>	<b>44,402,410</b>

#### 33. Investment revenue

##### Interest revenue

Bank	411,307	1,501,123

#### 34. Fair value adjustments

Other financial assets

<ul style="list-style-type: none"> <li>• Other financial assets</li> </ul>	129,872	85,220

#### 35. Depreciation and amortisation

Property, plant and equipment	64,210,693	74,180,985
Investment property	146,590	146,590
Intangible assets	12,298	148,954
	<b>64,369,581</b>	<b>74,476,529</b>

## Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June, 2014

### Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>36. Finance costs</b>		
Non-current borrowings	1,032,569	1,228,333
Trade and other payables	1,885,225	-
Long term provision finance charges	-	134,823
	<b>2,917,794</b>	<b>1,363,156</b>
<b>37. Auditors' remuneration</b>		
Fees	4,317,480	3,258,557
<b>38. Rental of facilities and equipment</b>		
<b>Premises</b>		
Premises	335,415	362,274
<b>Facilities and equipment</b>		
Rental of facilities	98,424	114,297
	<b>433,839</b>	<b>476,571</b>
<b>39. Contracted services</b>		
Specialist Services	12,043,908	11,929,387
Legal Services	726,226	540,508
	<b>12,770,134</b>	<b>12,469,895</b>
<b>40. Bulk purchases</b>		
Electricity	34,076,462	35,805,938
Water	354,237	1,411,684
	<b>34,430,699</b>	<b>37,217,622</b>

## Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June, 2014

### Notes to the Annual Financial Statements

Figures in Rand	2014	2013
<b>41. Cash generated from operations</b>		
Deficit	(75,230,129)	(52,983,790)
<b>Adjustments for:</b>		
Depreciation and amortisation	64,369,581	74,476,529
Loss/(gain) on sale of assets and liabilities	(654,736)	(912,276)
Loss/(gain) on sale of non-current assets and disposal groups	654,736	764,473
Fair value adjustments	(129,872)	(85,220)
Impairment deficit	-	853,948
Debt impairment	95,804,024	44,402,410
Movements in employee benefits	1,377,000	1,054,000
Movements in provisions	(225,624)	134,823
<b>Changes in working capital:</b>		
Inventories	(184,561)	(380,477)
Receivables from non-exchange transactions	2,655,902	(12,560,522)
Consumer debtors	(67,523,858)	(44,134,017)
Increase in deposits	-	(2,018,500)
Payables from exchange transactions	59,926,908	(6,173,670)
VAT	(1,396,609)	6,462,471
Unspent conditional grants and receipts	(1,809,717)	(168,379)
Consumer deposits	22,781	37,278
	<b>77,655,826</b>	<b>8,769,081</b>

## Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June, 2014

### Notes to the Annual Financial Statements

Figures in Rand 2014 2013

#### 42. Commitments

##### Authorised capital expenditure

##### Already contracted for but not provided for

• Infrastructure	42,505,752	30,299,859
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##### Not yet contracted for and authorised by accounting officer

• Infrastructure	18,516,248	30,582,340
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This committed expenditure relates to infrastructure and will be financed as followed:

Government Grants	26,572,000	32,297,000
Own resources	4,150,000	17,399,650
Regional Bulk Infrastructure Grant	20,000,000	5,000,000
Integrated Electricity Infrastructure Grant	5,300,000	14,000,000
Department of Arts and Culture	5,000,000	-
	<b>61,022,000</b>	<b>68,696,650</b>

##### Capital commitments

Arlington: Construction of a New Solid Waste Disposal Site	1,149,081	681,832
Lindley: Upgrading of Water Purification Works	6,467,079	8,105,907
Petsana: Provision of Sanitation Toilets	3,850,650	449,350
Mamafubedu: Installation of Water Meters	5,886,835	-
Ntha: Paving of 9km Roads	3,394,252	11,729,256
Mamafubedu : Upgrading of sports facilities	7,792,231	5,422,186
Reitz : Costruction of Solid Waste Disposal Site	166,464	2,444,689
Mamafubedu: Roads Upgrading	9,422,535	1,923,996
Petsana : instalation of Water Meters	10,058,346	-
Petsana Roads Upgrading	21,337,446	-
Ntha : Installation of Water Meters	647,190	-
	<b>70,172,109</b>	<b>30,757,216</b>

##### Authorised Operating Expenditure

Security Service	2,243,684	4,311,772
Fleet of Vehicles	1,887,367	3,980,633
Internet Services	212,626	505,423
Photocopy Machinery	404,496	230,641
Annual Financial Statement	2,430,000	732,336
	<b>7,178,173</b>	<b>9,760,805</b>