

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand 2015 2014

10. Investment property (continued)

Pledged as security

Investment property is not pledged as security.

There are no restrictions on the remittance of revenue and proceeds on disposals relating to investment property.

There are no contractual obligations to repair, maintain, enhance, purchase, construct or develop investment property.

Amounts included in surplus and deficit:

Rental of facilities	356 580	335 415
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

11. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	101 392 410	-	101 392 410	101 392 410	-	101 392 410
Buildings	40 136 442	(8 177 123)	31 959 319	40 136 442	(6 811 655)	33 324 787
Infrastructure	993 118 092	(659 273 386)	333 844 706	948 942 003	(597 857 854)	351 084 149
Community	16 972 967	(5 430 238)	11 542 729	16 972 967	(4 430 319)	12 542 648
Other property, plant and equipment	22 897 374	(14 769 180)	8 128 194	21 193 197	(12 349 984)	8 843 213
Landfill sites	17 918 118	(1 203 693)	16 714 425	9 556 865	-	9 556 865
Work-in-progress	70 134 393	-	70 134 393	74 037 932	-	74 037 932
Total	1 262 569 796	(688 853 620)	573 716 176	1 212 231 816	(621 449 812)	590 782 004

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Additions through entity combinations	Disposals	Transfers	Depreciation	Impairment loss
Land	101 392 410	-	-	-	-	-	-
Buildings	33 324 787	-	-	-	-	(1 365 469)	-
Infrastructure	351 084 149	-	-	-	44 176 088	(61 415 531)	-
Community	12 542 647	-	-	-	-	(999 918)	-
Other property, plant and equipment	8 843 213	1 704 177	-	-	-	(2 419 196)	-
Landfill sites	9 556 865	4 924	(646 421)	-	9 002 750	(1 203 693)	-
Work-in-progress	74 037 932	49 275 299	-	-	(53 178 838)	-	-
	590 782 003	50 984 400	(646 421)	-	-	(67 403 807)	

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	101 392 410	-	-	-	-	101 392 410
Buildings	34 690 570	-	-	(1 365 783)	-	33 324 787
Infrastructure	397 242 394	1 267 965	11 613 404	(58 649 851)	(389 763)	351 084 149
Community	13 604 529	-	-	(1 061 882)	-	12 542 647
Other property, plant and equipment	9 214 929	2 158 943	-	(2 530 659)	-	8 843 213
Landfill sites	6 523 273	573 318	2 460 274	-	-	9 556 865
Work-in-progress	31 734 868	56 376 742	(14 073 678)	-	-	74 037 932
	594 402 973	60 376 968	-	(63 608 175)	(389 763)	590 782 003

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

12. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	119 614	(93 941)	25 673	99 948	(72 115)	27 833

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	27 832	19 666	(21 826)	25 672

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	40 131	-	(12 299)	27 832

13. Other financial assets

Designated at fair value

Other financial asset	4 031 425	3 826 144
Standard Bank - Money Market		

Residual interest at cost

Unlisted shares	5 000	5 000
VKB Agriculture (Pty) Ltd Investment	-	491 185
Old Mutual Preference shares	269 380	260 116
VKB Agriculture (Pty) Ltd		

	274 380	756 301
Total other financial assets	4 305 805	4 582 445

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Figures in Rand	2015	2014
13. Other financial assets (continued)		
Non-current assets		
Designated at fair value	4 031 425	3 826 144
Residual interest at cost	274 380	756 301
	4 305 805	4 582 445
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 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
Level 1		
Standard Bank - Money Market	4 031 425	3 826 144
Financial assets at amortised cost		
Nominal value of financial assets at cost		
Unlisted shares	274 380	265 116
Investment in a private company initially recognised at cost. Council have not been able to determine the reasonability of the fair value.		
Life insurance	-	491 185
Fixed maturity date and not held for trading.		
	274 380	756 301
Financial assets pledged as collateral		
Collateral		
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	4 031 425	3 826 144
14. Long-term deposit		
Additional capacity	2 018 500	2 018 500

The long-term deposit is held by ESKOM for the upgrade done by the municipality to the electricity network.

No interest is earned on the deposit.

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Figures in Rand	2015	2014
15. Other financial liabilities		
At amortised cost		
Bank loan	6 889 142	7 409 479
The Development Bank of Southern Africa Limited		
Bank loan	1 153 659	1 226 951
The Development Bank of Southern Africa Limited		
Other loan	1 925 549	2 680 830
Grainfield Chickens Proprietary Limited		
	9 968 350	11 317 260
Total other financial liabilities	9 968 350	11 317 260
Non-current liabilities		
At amortised cost	8 569 848	10 410 778
Current liabilities		
At amortised cost	1 398 503	906 482
16. Payables from exchange transactions		
Trade payables	106 018 239	66 672 789
Payments received in advanced - contract in process	690 499	392 958
Accrued leave pay	5 793 612	5 490 223
Accrued bonus	1 412 314	1 520 471
Deposits received	41 644	41 644
	113 956 308	74 118 085
17. VAT payable		
VAT balance	15 566 312	13 080 172
<p>VAT is payable on the cash basis and is paid to SARS once payments are received from debtors and claimed from SARS once suppliers have been paid.</p> <p>The VAT balance is the net amount of the municipality's VAT control accounts where amounts were received from debtors and paid to suppliers.</p>		
VAT receivable	(17 167 548)	(13 023 951)
VAT payable	32 733 860	26 104 123
	15 566 312	13 080 172
18. Consumer deposits		
Electricity	1 278 341	1 227 450
Housing rental	26 912	23 894
	1 305 253	1 251 344

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Figures in Rand	2015	2014
19. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(11 169 000)	(11 437 000)
Carrying value		
Long service awards	(3 801 000)	(3 648 000)
Medical aid benefits	(7 368 000)	(7 789 000)
	(11 169 000)	(11 437 000)
Non-current liabilities	(10 619 000)	(11 102 000)
Current liabilities	(550 000)	(335 000)
	(11 169 000)	(11 437 000)
Non-current liabilities		
Long service awards	(3 251 000)	(3 313 000)
Medical aid benefits	(7 368 000)	(7 789 000)
	(10 619 000)	(11 102 000)
Current liabilities		
Long service awards	(550 000)	(335 000)

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Figures in Rand	2015	2014
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19. Employee benefit obligations (continued)

The medical contribution and long service provisions are actuarial calculations which were performed by ZAQ.

ZAQ is an actuarial consulting company specialising in the valuation of employee benefit liabilities for accounting disclosure purposes.

Their team has done a large number of these calculations for private and public sector organizations.

Members of their executive committee include:

- Niel Fourie FASSA, CERA
- Pieter Wasserfall B.Com Actuarial Science
- Dennis De Wet B.Com (Hons) Financial Analysis

Long service award liability

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.

Long service benefits are awarded in the form of leave days and a percentage of salary. The awarded leave days have been converted into a percentage of the employee's annual salary. The conversion is based on a 250 working day year.

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. The calculation also allows for mortality, retirements and withdrawals from service.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable.

Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

The two most important financial variables used in the valuation are the discount rate and salary inflation.

Post-employment medical aid liabilities

The liability relates to future medical expenses which will be incurred by the municipality on behalf of retired employees. The future cash flows will continue until the mortality of all members. The mortality is therefore the uncertainty relating to the provision.

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the date of calculation.

The calculation also allows for mortality. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement.

Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. It is also assumed that all active members will remain on the same medical aid option.

As at the valuation date, the medical aid liability of the municipality was unfunded, i.e. no dedicated assets had been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

The two most important financial variables used in our valuation are the discount- and medical aid inflation rates.

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Figures in Rand 2015 2014

19. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	11 437 000	10 060 000
Benefits paid	(1 128 000)	(810 000)
Net expense recognised in the statement of financial performance	860 000	2 187 000
	11 169 000	11 437 000

Net expense recognised in the statement of financial performance

Current service cost	593 000	531 000
Interest cost	975 000	772 000
Actuarial (gains) losses	(708 000)	884 000
	860 000	2 187 000

Key assumptions used

Assumptions used at the reporting date:

Discount rates used (2015: Yield Curve)	-	7,96 %
Consumer price inflation (2015: Difference between normal and real yield curve)	-	6,33 %
Normal salary increase rate (2015: CPI + 1%)	-	7,33 %
Net effective discount rate (2015: Yield Curve based)	-	0,59 %

Other assumptions

Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

"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."

The nominal and real zero curves as at 30 June 2015, as supplied by the JSE, was used to determine the discounted rates and CPI assumptions at each relevant time period. This methodology has changed from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was used to value all the liabilities.

Normal salary inflation rate

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. The assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2015 of 6.79%. As at the time of this valuation South African Municipal salaries' negotiations were still in progress. Therefore, for the purpose of performing this valuation, we have assumed that the previous year's increase rate of 6.79% is still relevant in this year's valuation. The next salary increase was assumed to take place on 01 July 2016.

Average retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

Normal retirement age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

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Figures in Rand	2015	2014
20. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Finance Management Grant	544 100	709 324
Intergrated National Electrification Programme Grant	499 281	1 052 001
Bulk Water Infrastructure Grant	-	1 548 203
Expanded Public Works Programme Grant	48 000	370 333
	1 091 381	3 679 861
Movement during the year		
Balance at the beginning of the year	3 679 861	5 489 578
Additions during the year	62 625 860	54 394 832
Income recognition during the year	(65 214 340)	(56 204 549)
	1 091 381	3 679 861

See note 28 for reconciliation of grants from National/Provincial Government.

Nketoana Local Municipality

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Figures in Rand

2015

2014

21. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Utilised during the year	Unwinding of discount costs	Total
Environmental rehabilitation	3 778 956	(641 496)	341 034	3 478 494

Reconciliation of provisions - 2014

	Opening Balance	Utilised during the year	Unwinding of discount costs	Total
Environmental rehabilitation	4 004 580	(225 624)	-	3 778 956

Environmental rehabilitation provision

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Figures in Rand	2015	2014
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21. Provisions (continued)

The provision is for the estimated future cost of the rehabilitation of the solid waste dumping sites at Petrus Steyn, Lindley and Reitz.

The rehabilitation requirements are in terms of the Acts and Standards listed below:

- National Treasury: GRAP 17 & 19.
- The National Environmental Management Act 107 of 1998
- The National Environmental Management Waste Act 59 of 2008.
- The Minimum Requirements for Waste Disposal by Landfill: DWAF, 1998.
- The South African Constitution Act 108 of 1996.
- The National Environmental Management Air Quality Act 39 of 2004.
- Hazardous Substances Act 5 of 1973.
- Mineral and Petroleum Resources and Development Act 28 of 2002.
- Health Act 63 of 1977.
- Occupational Health and Safety Act 8 of 1993.
- Municipal Systems Act 32 of 2000.
- Environmental Conservation Act 73 of 1989.
- Municipal Structures Act 117 of 1998.

The rehabilitation report was compiled by Du Toit Human, an independent professional civil engineer with registration number 800 193 at the Engineering Council of South Africa.

He has no formal or informal ties with Nketoana Local Municipality and has many years of experience in the field, also being a member of the Institution Consulting Engineers of South Africa (CESA 1978) the South African Institution of Civil Engineers (SAICI 9460) and the South African Institute of Municipal Engineers (H180).

Petrus Steyn

The disposal site presently used has an approximate area of 7 000 square meters.

The present site has adequate footprint and airspace available for the disposal of solid waste from Petrus Steyn and Mamafubedu until 2025 but only if operated in a manner as prescribed by the Department of Environmental Affairs.

Present value (2015) of the rehabilitation of the solid waste site is R 785 000.

For the site with an area of 7 000 square meters the present (2015) rehabilitation cost will be R 112.14 per square meter.

By 2025, using an annual escalation percentage of 6.5%, the estimated rehabilitation cost will be R 1 473 000.

The future costs are discounted at a market related rate of 8.59% to establish the present value of the provision.

Lindley

The disposal site presently used has an approximate area of 18 000 square meters.

The present site has adequate footprint and airspace available for the disposal of solid waste from Petrus Steyn and Mamafubedu until 2035 but only if operated in a manner as prescribed in the licence B33/2/360/3/P47.

Present value (2015) of the rehabilitation of the solid waste site is R 1 944 000.

For the site with an area of 18 000 square meters the present (2015) rehabilitation cost will be R 108.00 per square meter.

By 2035, using an annual escalation percentage of 6.5%, the estimated rehabilitation cost will be R 6 848 800.

The future costs are discounted at a market related rate of 9.17% to establish the present value of the provision.

Reitz

The disposal site presently used has an approximate area of 27 000 square meters.

The present site has adequate footprint and airspace available for the disposal of solid waste from Petrus Steyn and Mamafubedu until 2029.

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21. Provisions (continued)		
Present value (2015) of the rehabilitation of the solid waste site is R 2 295 000.		
For the site with an area of 7 000 square meters the present (2015) rehabilitation cost will be R 85.00 per square meter.		
By 2029, using an annual escalation percentage of 6.5%, the estimated rehabilitation cost will be R 5 542 136.		
The future costs are discounted at a market related rate of 9.05% to establish the present value of the provision.		
22. Service charges		
Sale of electricity	40 179 100	35 997 676
Sale of water	38 322 361	36 192 132
Sewerage and sanitation charges	15 741 618	13 064 087
Refuse removal	14 645 222	12 904 523
	108 888 301	98 158 418
23. Rental of facilities and equipment		
Premises		
Premises	283 578	335 415
Facilities and equipment		
Rental of facilities	73 002	98 424
	356 580	433 839
24. Interest received (trading)		
Interest on consumer accounts	20 173 637	19 071 015
25. Other income		
Insurance claims	165 328	207 677
Connection fees	759 235	826 001
Garden refuse	263	201
Building plans and clearance certificates	41 738	71 422
Other income	146 691	292 270
	1 113 255	1 397 571
26. Investment revenue		
Interest revenue		
Bank	583 166	411 307

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Figures in Rand	2015	2014
27. Property rates		
Rates received		
Residential	16 038 993	15 953 565
Valuations		
Residential	1 099 215 907	1 096 175 410
Commercial	210 301 254	214 246 254
State	198 491 607	195 149 540
Municipal	328 614 500	327 988 500
Small holdings and farms	3 297 559 531	3 311 129 898
	5 134 182 799	5 144 689 602

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Interest at prime plus 1% per annum (2014: 1%) is levied on overdue accounts.

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

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28. Government grants and subsidies		
Operating grants		
Equitable Share	79 011 000	77 680 266
Municipal System Improvement Grant	934 000	890 000
Municipal Finance Management Grant	1 055 900	840 676
Local Government Sector Education Training Authority Grant	112 163	239 117
Expanded Public Works Programme Grant	1 056 334	772 979
	82 169 397	80 423 038
Capital grants		
Municipal Infrastructure Grant	26 572 000	32 297 000
Regional Bulk Infrastructure Grant	27 003 697	12 109 628
Eskom Electrification Grant	4 800 719	3 947 999
	58 376 416	48 354 627
	140 545 813	128 777 665
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	62 956 813	51 097 399
Unconditional grants received	77 589 000	77 680 266
	140 545 813	128 777 665
Equitable Share		
Current-year receipts	77 589 000	78 119 000
Transferred to revenue	(79 011 000)	(72 334 000)
MIG surrendered	-	(5 300 677)
MFMG surrendered	-	(45 589)
EPWP surrendered	369 999	-
INEG surrendered	1 052 001	-
	-	438 734
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.		
Municipal Systems Improvement Grant		
Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(934 000)	(890 000)
	-	-
Municipal Finance Management Grant		
Balance unspent at beginning of year	709 324	45 589
Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 765 224)	(840 676)
Surrendered to Equitable Share	-	(45 589)
	544 100	709 324

Conditions still to be met - remain liabilities (see note 20).

Local Government Sector Education Training Authority Grant

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Figures in Rand	2015	2014
28. Government grants and subsidies (continued)		
Current-year receipts	112 163	232 548
Conditions met - transferred to revenue	(112 163)	(232 548)
	-	-
Integrated National Electrification Programme Grant		
Balance unspent at beginning of year	1 052 001	-
Current-year receipts	5 300 000	5 000 000
Conditions met - transferred to revenue	(4 800 719)	(3 947 999)
Surrendered to Equitable Share	(1 052 001)	-
	499 281	1 052 001
Conditions still to be met - remain liabilities (see note 20).		
Regional Bulk Infrastructure Grant		
Balance unspent at beginning of year	1 548 203	-
Current-year receipts	27 003 697	13 657 832
Conditions met - transferred to revenue	(28 551 900)	(12 109 629)
	-	1 548 203
Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	5 300 677
Current-year receipts	26 572 000	32 297 000
Conditions met - transferred to revenue	(26 572 000)	(32 297 000)
Surrendered to Equitable Share	-	(5 300 677)
	-	-
Expanded Public Works Programme Grant		
Balance unspent at beginning of year	370 333	143 312
Current-year receipts	1 104 000	1 000 000
Conditions met - transferred to revenue	(1 056 334)	(772 979)
Surrendered to Equitable Share	(369 999)	-
	48 000	370 333
Conditions still to be met - remain liabilities (see note 20).		
29. Public contributions and donations		
Public contributions and donations	-	8 000
30. Fines, penalties and forfeits		
Traffic fines	205 404	94 074

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31. Employee related costs		
Basic	48 212 499	44 048 615
Bonus	3 498 890	3 263 459
Medical aid - company contributions	2 097 075	2 208 898
UIF	477 512	441 921
WCA	146 852	175 696
SDL	755 743	575 910
Leave pay and bonus provision	195 232	1 287 901
SALGA contributions	33 819	30 211
Defined contribution plans	267 000	1 274 995
Travel, car, accommodation, subsistence and other allowances	2 422 581	2 237 871
Overtime payments	4 476 539	3 203 466
Acting allowances	473 715	369 130
Housing benefits and allowances	406 791	250 740
Pension	8 488 641	7 544 944
Standby allowances	1 437 284	1 019 682
Telephone and other allowances	732 442	714 417
	74 122 615	68 647 856
<p>The leave pay and bonus provision amounting to R 195 232 (2014: R 1 287 901) comprises of the movements in the leave and bonus provisions year on year. Please refer to note 16 for more detail on these provisions.</p>		
Remuneration of Executive Directors		
Remuneration of Municipal Manager		
Annual remuneration	776 065	766 081
Car allowance	-	201 801
Bonus	-	63 667
Other allowances	280 200	68 530
Contributions to UIF, medical and pension funds	33 300	112 659
	1 089 565	1 212 738
Remuneration of Acting Chief Financial Officer		
Annual remuneration	279 789	261 998
Acting allowance	89 340	111 315
Bonus	-	27 073
Other allowances	-	134 521
Contributions to UIF, medical and pension funds	101 204	92 270
	470 333	627 177
Remuneration of Chief Financial Officer		
Annual remuneration	579 347	386 231
Bonus	-	14 556
Other allowances	109 950	156 701
Contributions to UIF, medical and pension funds	14 578	6 086
	703 875	563 574
Remuneration of Director - Corporate Services		
Annual remuneration	730 826	714 950
Bonus	-	42 000
Other allowances	66 229	63 596
Backpay	-	22 344
Contributions to UIF, medical and pension funds	4 256	10 104
	801 311	852 994

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31. Employee related costs (continued)		
Remuneration of Director - Technical Services		
Annual remuneration	593 550	605 134
Car allowance	-	194 313
Bonus	-	44 000
Other allowances	268 905	48 000
	862 455	891 447
Remuneration of Director - Community Services		
Annual remuneration	687 626	711 259
Car allowance	-	76 887
Bonus	-	24 000
Other allowances	104 430	34 400
Contributions to UIF, medical and pension funds	1 785	-
	793 841	846 546
32. Remuneration of councillors		
Salaries	4 934 816	3 882 265
UIF and other contributions	497 886	343 263
Bonuses	31 485	20 380
Car and other allowances	1 212 806	1 133 306
	6 676 993	5 379 214
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 Speaker have the use of Council owned vehicles for official duties.		
The Mayor and Speaker have the use of Council owned laptops and tablets.		
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.		
Mayor	697 698	709 735
Executive Committee	1 362 972	1 289 934
Councillors	3 079 506	2 806 332
Speaker	578 333	573 214
	5 718 509	5 379 215
33. Depreciation and amortisation		
Property, plant and equipment	67 403 808	64 051 907
Investment property	146 667	146 590
Intangible assets	21 826	12 298
	67 572 301	64 210 795
34. Finance costs		
Non-current borrowings	850 152	1 032 569
Trade and other payables	6 572 762	1 885 225
Other interest paid	341 034	-
	7 763 948	2 917 794

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
35. Lease rentals on operating lease		
Vehicles	1 565 800	2 323 776
Other rentals	3 120 657	817 636
	4 686 457	3 141 412
Please refer to note 45 for more information on the commitment relating to operating leases.		
36. Debt impairment		
Debt impairment	50 745 983	41 712 998
Contributions to debt impairment provision	16 356 444	54 091 026
	67 102 427	95 804 024
37. Repairs and maintenance		
Repairs and maintenance	15 404 522	10 510 488
The 2015 repairs and maintenance includes R 2 740 880 for <i>network</i> repairs, R 8 196 816 on <i>machinery and equipment</i> repairs and R 125 303 on <i>building</i> repairs.		
38. Bulk purchases		
Electricity	38 183 983	34 076 462
Water	750 765	354 237
	38 934 748	34 430 699
39. Contracted services		
Specialist Services	9 399 136	12 043 907
Other Contractors	650 230	726 226
	10 049 366	12 770 133

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
40. General expenses		
Advertising	110 110	150 126
Auditors remuneration	4 588 167	4 317 480
Bank charges	554 734	565 541
Cleaning	974 043	988 679
Commission paid	747 690	449 249
Consumables	775 003	1 685 512
Debt collection	3 338	523 699
Donations	388 154	1 015 182
Entertainment	419 520	511 306
Fines and penalties	231 768	195 186
Gifts	58 020	543 411
Insurance	1 048 676	970 283
Conferences and seminars	255 358	786 877
Promotions and sponsorships	15 580	-
Fuel and oil	3 799 829	6 454 607
Postage and courier	3 452	12 706
Printing and stationery	2 333 255	2 710 963
Promotions	754 003	2 244 199
Security (Guarding of municipal property)	1 878 067	238 527
Subscriptions and membership fees	813 723	104 551
Telephone and fax	1 251 515	974 028
Training	810 476	2 239 959
Travel - local	2 054 918	2 420 813
Refuse	592 231	1 376 739
Assets expensed	54 985	209 933
Electricity	8 776 710	5 407 642
Water	15 899	-
Uniforms	270 971	923 409
Tourism development	50 114	-
Licences	15 009	678 636
Chemicals	2 128 428	2 171 410
Other expenses	324 619	1 279 763
	36 098 365	42 150 416
41. Gain on disposal of assets and liabilities		
Gain on disposal of assets and liabilities	36 425	654 736
42. Fair value adjustments		
Biological assets - (Fair value model)	27 776	-
Other financial assets		
• Other financial assets (Held for trading)	30 085	129 872
	57 861	129 872
43. Auditors' remuneration		
Fees	4 588 167	4 317 480

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
44. Cash generated from operations		
Deficit	(40 412 333)	(75 463 936)
Adjustments for:		
Depreciation and amortisation	67 572 300	64 210 796
Loss on sale of assets and liabilities	(36 425)	(654 736)
Gain on discontinued operations	-	654 736
Fair value adjustments	(57 861)	(129 872)
Debt impairment	67 102 428	95 804 025
Movements in retirement benefit assets and liabilities	(268 000)	1 377 000
Movements in provisions	(300 463)	(225 624)
Other non-cash items	-	(9 805 449)
Changes in working capital:		
Inventories	189 858	(184 561)
Receivables from exchange transactions	(7 768 243)	3 162 986
Consumer debtors	(69 653 868)	(67 067 696)
Other receivables from non-exchange transactions	(2 112 697)	(570 655)
Payables from exchange transactions	39 838 222	59 926 909
VAT	2 486 141	(1 396 610)
Unspent conditional grants and receipts	(2 588 480)	(1 809 717)
Consumer deposits	53 909	22 781
	54 044 488	67 850 377

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
45. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	52 371 281	42 505 752
Not yet contracted for and authorised by accounting officer		
• Infrastructure	57 873 000	18 516 248
Total capital commitments		
Already contracted for but not provided for	52 371 281	42 505 752
Not yet contracted for and authorised by accounting officer	57 873 000	18 516 248
	110 244 281	61 022 000
Authorised operational expenditure		
Already contracted for but not provided for		
• Expenditure	70 409 857	7 178 173
Not yet contracted for and authorised by accounting officer		
• Expenditure	15 592 491	-
Total operational commitments		
Already contracted for but not provided for	70 409 857	7 178 173
Not yet contracted for and authorised by accounting officer	15 592 491	-
	86 002 348	7 178 173
Total commitments		
Total commitments		
Authorised capital expenditure	110 244 281	61 022 000
Authorised operational expenditure	86 002 348	7 178 173
	196 246 629	68 200 173
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1 547 105	2 293 696
- in second to fifth year inclusive	-	3 464 899
	1 547 105	5 758 595
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	142 479	248 008
- in second to fifth year inclusive	218 958	264 370
- later than five years	170 135	57 916
	531 572	570 294

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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46. Contingencies

Litigation is in the process against the municipality relating to a dispute with Monthei Construction. The amount under dispute is R 2 104 255. The legal fees amount to R 526 064.

Litigation is in the process against the municipality relating to a dispute with a Telkom. The amount under dispute is R 133 394. The legal fees amount to R 33 350.

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Litigation is in the process against the municipality relating to a dispute with ELB Equipment. The amount under dispute is R 93 238. The legal fees amount to R 23 309.

Litigation is in the process against the municipality relating to a dispute with Rudnat Projects CC. The amount under dispute is R 5 287 036. The legal fees amount to R 1 321 759.

Litigation is in the process against the municipality relating to a dispute with Blue Kite Properties. The amount under dispute is R 45 600. The legal fees amount to R 11 400.

Litigation is in the process against the municipality relating to a dispute with D Nhlapo. The amount under dispute is R 10 778. The legal fees amount to R 2 694.

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
47. Related parties		
Relationships		
Accounting Officer	Refer to accounting officer's report note	
Chief Financial Officer (Acting)	Tsietsi Godfrey Makgale	
Councillors	Tshabalala Ncani Selina (Dexpro Construction and Trading)	
	Mosia Mokete Jeremiah (Mahatammoho Reteng)	
	Blignaut Marthinus (Agristan SA, Monaufic Belegging; NG Welsyn Reitz Wooneenhede; NG Welsyn Reitz Tehuis, Tipakri Eiendomsbeleggings)	
	Mokoena Kgaketla Abram (Re Bonahatse Construction)	
	Radebe Tebogo Patrick (Emthonjeni Primary C-operative)	
	Malindi Mosotho Simon (Linden Sons General)	
	Mofokeng Phoka Petrus (PMMM Builders, Purple Moss 1057)	
	Moshwadiba Pasika Zacharia (Schwak's Construction and Distribution)	
Managers	Mokgathe Lekgetho (Reliable Trinity Automotive Spares, Entle Trading 507)	
	Maseko Sebina Mable (Maseko and Moji Trading and Projects)	
	Letsela Simon Moeketsi (Thabo Mofutsanyane Football Academy, Goodman Soccer Academy, Small Green Garden Centre, Lapoloha Restaurant)	
	George Joma (Luthando and Chechenta Service Provider)	
Directors	Moletsane Morakane Miriam (Keewave Trading 97, Feminity in Development, Superior Quality Engineering and Technologies 97, Thembalentswe Construction and Projects, Moletsane and Diale Service Providers)	
	Nhlapo Solomon Mokete (Kido Consultancy)	
	Mazi Mwandile Penwel (Nthape IT, Mamampu Trading Enterprise, Mzwajo Project Management Services)	

48. Prior period errors

In the current financial year corrections were made to 2013/2014 service charges and consumer accounts. These corrections amount to R 456 162.80.

Receivables from exchange transactions were incorrectly disclosed as receivables from non-exchange transactions in the prior year. The total amount reclassified is R 3 164 735.

In the prior year the *Reconciliation of allowance for impairment* disclosure under the consumer debtors note incorrectly included the impairment allowance for receivables from non-exchange transactions. This disclosure was corrected in the current year and resulted in a decrease of R 4 081 774 in the allowance for impairment under receivables from exchange transactions. The error only affected the disclosure in the note to the annual financial statements.

In the prior year the *Cash book balances* disclosure under the cash and cash equivalents note incorrectly indicated R 5 094 929 as an FNB fixed deposit balance as at 30 June 2013. The balance actually related to 30 June 2012 and was corrected in the current year. The error only affected the disclosure in the note to the annual financial statements.

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
48. Prior period errors (continued)		
<p>During the 2014/2015 financial year the municipality identified irregular expenditure relating to 2013/2014 transactions. Due to the fact that these transactions were only identified in 2014/2015 the 2013/2014 annual financial statements had work-in-progress which was overstated by R 1 891 911 and expenditure that was overstated by R 1 314 500. The error only affected the disclosure in the note to the annual financial statements.</p> <p>In the prior year the cash flow statement incorrectly included a movement in net assets (R 9 805 449) with the movements in the property, plant and equipment. The movement was corrected in the current year and resulted in an increase in other non-cash items and decrease in property, plant and equipment additions.</p> <p>Traffic fines and receivables from non-exchange transactions were understated by R 63 571 in 2013/2014. The error was retrospectively corrected in 2014/2015.</p> <p>The correction of the error(s) results in adjustments as follows:</p>		
Statement of financial position		
Consumer debtors	-	(456 163)
Receivables from exchange transactions	-	3 164 735
Receivables from non-exchange transactions	-	(3 101 164)
Statement of Financial Performance		
Depreciation expense	-	(63 571)
Service charges	-	456 163
Cash flow statement		
Cash flow from operating activities		
Other non-cash	-	(9 805 449)
Cash flow from investing activities		
Property, plant and equipment	-	9 805 449

49. Risk management

Financial risk management

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

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand 2015 2014

49. Risk management (continued)

Liquidity risk

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

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

At 30 June 2015	Less than 1 year	After 1 year
Borrowings (DBSA)	549 912	8 042 801
Borrowings (Grainfield Chickens)	848 561	1 076 988
Trade and other payables	106 018 239	-
At 30 June 2014	Less than 1 year	After 1 year
Borrowings (DBSA)	1 332 443	7 987 262
Borrowings (Grainfield Chickens)	755 281	1 928 348
Trade and other payables	66 672 789	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management reviews credit risk annually when the impairment and discounting of receivables are performed. Risk control mainly assesses the payment patterns of the consumers.

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

Financial instrument	2015	2014
Consumer debtors	47 598 199	42 994 510
ABSA - Operating account	2 328 216	1 421 932
ABSA - Banktel	173 334	1 311 877
ABSA - Call account	1 725 063	149 658
Standard Bank - Money market	4 031 425	3 826 144
Old Mutual	521 270	491 185

Market risk

Capital risk management

The municipality's objective when managing capital is to safeguard the municipality's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in notes 15, cash and cash equivalents disclosed in note 8 and equity as disclosed in the statement of financial position. Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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49. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from overdue trade payables and long-term borrowings. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Payables at variable rates expose the municipality to cash flow interest rate risk.

During 2015 and 2014, the municipality's borrowings at fixed rates were denominated in the Rand.

During 2015 and 2014, the municipality's borrowings at variable rates were also denominated in the Rand.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Grainfield Chickens	- %	848 561	1 076 988	-	-	-
Trade and other payables	- %	106 018 239	-	-	-	-

Fair value interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Development Bank of South Africa	10,35 %	469 614	6 419 528	-	-	-
Development Bank of South Africa	9,09 %	80 298	1 073 361	-	-	-

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position as fair value through surplus or deficit. The municipality is not exposed to commodity price risk.

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
31. Employee related costs		
Basic	48 212 499	44 048 615
Bonus	3 498 890	3 263 459
Medical aid - company contributions	2 097 075	2 208 898
UIF	477 512	441 921
WCA	146 852	175 696
SDL	755 743	575 910
Leave pay and bonus provision	195 232	1 287 901
SALGA contributions	33 819	30 211
Defined contribution plans	267 000	1 274 995
Travel, car, accommodation, subsistence and other allowances	2 422 581	2 237 871
Overtime payments	4 476 539	3 203 466
Acting allowances	473 715	369 130
Housing benefits and allowances	406 791	250 740
Pension	8 488 641	7 544 944
Standby allowances	1 437 284	1 019 682
Telephone and other allowances	732 442	714 417
	74 122 615	68 647 856

The leave pay and bonus provision amounting to R 195 232 (2014: R 1 287 901) comprises of the movements in the leave and bonus provisions year on year. Please refer to note 16 for more detail on these provisions.

Remuneration of Executive Directors

Remuneration of Municipal Manager

Annual remuneration	776 065	766 081
Car allowance	-	201 801
Bonus	-	63 667
Other allowances	280 200	68 530
Contributions to UIF, medical and pension funds	33 300	112 659
	1 089 565	1 212 738

Remuneration of Acting Chief Financial Officer

Annual remuneration	279 789	261 998
Acting allowance	89 340	111 315
Bonus	-	27 073
Other allowances	-	134 521
Contributions to UIF, medical and pension funds	101 204	92 270
	470 333	627 177

Remuneration of Chief Financial Officer

Annual remuneration	579 347	386 231
Bonus	-	14 556
Other allowances	109 950	156 701
Contributions to UIF, medical and pension funds	14 578	6 086
	703 875	563 574

Remuneration of Director - Corporate Services

Annual remuneration	730 826	714 950
Bonus	-	42 000
Other allowances	66 229	63 596
Backpay	-	22 344
Contributions to UIF, medical and pension funds	4 256	10 104
	801 311	852 994

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
31. Employee related costs (continued)		
Remuneration of Director - Technical Services		
Annual remuneration	593 550	605 134
Car allowance	-	194 313
Bonus	-	44 000
Other allowances	268 905	48 000
	862 455	891 447
Remuneration of Director - Community Services		
Annual remuneration	687 626	711 259
Car allowance	-	76 887
Bonus	-	24 000
Other allowances	104 430	34 400
Contributions to UIF, medical and pension funds	1 785	-
	793 841	846 546
32. Remuneration of councillors		
Salaries	4 934 816	3 882 265
UIF and other contributions	497 886	343 263
Bonuses	31 485	20 380
Car and other allowances	1 212 806	1 133 306
	6 676 993	5 379 214
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 Speaker have the use of Council owned vehicles for official duties.		
The Mayor and Speaker have the use of Council owned laptops and tablets.		
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.		
Mayor	697 698	709 735
Executive Committee	1 362 972	1 289 934
Councillors	3 079 506	2 806 332
Speaker	578 333	573 214
	5 718 509	5 379 215
33. Depreciation and amortisation		
Property, plant and equipment	67 403 808	64 051 907
Investment property	146 667	146 590
Intangible assets	21 826	12 298
	67 572 301	64 210 795
34. Finance costs		
Non-current borrowings	850 152	1 032 569
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Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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	4 686 457	3 141 412
Please refer to note 45 for more information on the commitment relating to operating leases.		
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Debt impairment	50 745 983	41 712 998
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Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Biological assets - (Fair value model)	27 776	-
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Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Gain on discontinued operations	-	654 736
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Other receivables from non-exchange transactions	(2 112 697)	(570 655)
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Not yet contracted for and authorised by accounting officer		
• Expenditure	15 592 491	-
Total operational commitments		
Already contracted for but not provided for	70 409 857	7 178 173
Not yet contracted for and authorised by accounting officer	15 592 491	-
	86 002 348	7 178 173
Total commitments		
Total commitments		
Authorised capital expenditure	110 244 281	61 022 000
Authorised operational expenditure	86 002 348	7 178 173
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- within one year	1 547 105	2 293 696
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- later than five years	170 135	57 916
	531 572	570 294

Nketoana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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Litigation is in the process against the municipality relating to a dispute with Telkom. The amount under dispute is R 17 473. The legal fees amount to R 4 368.

Litigation is in the process against the municipality relating to a dispute with Q & H Water Services Pty Ltd. The amount under dispute is R 1 092 417. The legal fees amount to R 273 104.

Litigation is in the process against the municipality relating to a dispute with TLWG Lekota. The amount under dispute is R 310 000. The legal fees amount to R 77 500.

Litigation is in the process against the municipality relating to a dispute with DD Radebe. The amount under dispute is R 1 568 229. The legal fees amount to R 392 057.

Litigation is in the process against the municipality relating to a dispute with ELB Equipment. The amount under dispute is R 93 238. The legal fees amount to R 23 309.

Litigation is in the process against the municipality relating to a dispute with Rudnat Projects CC. The amount under dispute is R 5 287 036. The legal fees amount to R 1 321 759.

Litigation is in the process against the municipality relating to a dispute with Blue Kite Properties. The amount under dispute is R 45 600. The legal fees amount to R 11 400.

Litigation is in the process against the municipality relating to a dispute with D Nhlapo. The amount under dispute is R 10 778. The legal fees amount to R 2 694.

Nketoana Local Municipality

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Figures in Rand	2015	2014
47. Related parties		
Relationships		
Accounting Officer	Refer to accounting officer's report note	
Chief Financial Officer (Acting)	Tsietsi Godfrey Makgale	
Councillors	Tshabalala Ncani Selina (Dexpro Construction and Trading)	
	Mosia Mokete Jeremiah (Mahatammoho Reteng)	
	Blignaut Marthinus (Agristan SA, Monaufic Belegging; NG Welsyn Reitz Wooneenhede; NG Welsyn Reitz Tehuis, Tipakri Eiemdomsbeleggings)	
	Mokoena Kgaketla Abram (Re Bonahatse Construction)	
	Radebe Tebogo Patrick (Emthonjeni Primary C-operative)	
	Malindi Mosotho Simon (Linden Sons General)	
	Mofokeng Phoka Petrus (PMMM Builders, Purple Moss 1057)	
	Moshwadiba Pasika Zacharia (Schwak's Construction and Distribution)	
Managers	Mokgathe Lekgetho (Reliable Trinity Automotive Spares, Entle Trading 507)	
	Maseko Sebina Mable (Maseko and Moji Trading and Projects)	
	Letsela Simon Moeketsi (Thabo Mofutsanyane Football Academy, Goodman Soccer Academy, Small Green Garden Centre, Lapoloha Restaurant)	
	George Joma (Luthando and Chechenta Service Provider)	
Directors	Moletsane Morakane Miriam (Keewave Trading 97, Feminity in Development, Superior Quality Engineering and Technologies 97, Thembalentswe Construction and Projects, Moletsane and Diale Service Providers)	
	Nhlapo Solomon Mokete (Kido Consultancy)	
	Mazi Mwandile Penwel (Nthape IT, Mamampu Trading Enterprise, Mzwajo Project Management Services)	

48. Prior period errors

In the current financial year corrections were made to 2013/2014 service charges and consumer accounts. These corrections amount to R 456 162.80.

Receivables from exchange transactions were incorrectly disclosed as receivables from non-exchange transactions in the prior year. The total amount reclassified is R 3 164 735.

In the prior year the *Reconciliation of allowance for impairment* disclosure under the consumer debtors note incorrectly included the impairment allowance for receivables from non-exchange transactions. This disclosure was corrected in the current year and resulted in a decrease of R 4 081 774 in the allowance for impairment under receivables from exchange transactions. The error only affected the disclosure in the note to the annual financial statements.

In the prior year the *Cash book balances* disclosure under the cash and cash equivalents note incorrectly indicated R 5 094 929 as an FNB fixed deposit balance as at 30 June 2013. The balance actually related to 30 June 2012 and was corrected in the current year. The error only affected the disclosure in the note to the annual financial statements.

Nketoana Local Municipality

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Figures in Rand	2015	2014
48. Prior period errors (continued)		
<p>During the 2014/2015 financial year the municipality identified irregular expenditure relating to 2013/2014 transactions. Due to the fact that these transactions were only identified in 2014/2015 the 2013/2014 annual financial statements had work-in-progress which was overstated by R 1 891 911 and expenditure that was overstated by R 1 314 500. The error only affected the disclosure in the note to the annual financial statements.</p> <p>In the prior year the cash flow statement incorrectly included a movement in net assets (R 9 805 449) with the movements in the property, plant and equipment. The movement was corrected in the current year and resulted in an increase in other non-cash items and decrease in property, plant and equipment additions.</p> <p>Traffic fines and receivables from non-exchange transactions were understated by R 63 571 in 2013/2014. The error was retrospectively corrected in 2014/2015.</p> <p>The correction of the error(s) results in adjustments as follows:</p>		
Statement of financial position		
Consumer debtors	-	(456 163)
Receivables from exchange transactions	-	3 164 735
Receivables from non-exchange transactions	-	(3 101 164)
Statement of Financial Performance		
Depreciation expense	-	(63 571)
Service charges	-	456 163
Cash flow statement		
Cash flow from operating activities		
Other non-cash	-	(9 805 449)
Cash flow from investing activities		
Property, plant and equipment	-	9 805 449

49. Risk management

Financial risk management

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

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49. Risk management (continued)

Liquidity risk

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

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

At 30 June 2015	Less than 1 year	After 1 year
Borrowings (DBSA)	549 912	8 042 801
Borrowings (Grainfield Chickens)	848 561	1 076 988
Trade and other payables	106 018 239	-
At 30 June 2014	Less than 1 year	After 1 year
Borrowings (DBSA)	1 332 443	7 987 262
Borrowings (Grainfield Chickens)	755 281	1 928 348
Trade and other payables	66 672 789	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management reviews credit risk annually when the impairment and discounting of receivables are performed. Risk control mainly assesses the payment patterns of the consumers.

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

Financial instrument	2015	2014
Consumer debtors	47 598 199	42 994 510
ABSA - Operating account	2 328 216	1 421 932
ABSA - Banktel	173 334	1 311 877
ABSA - Call account	1 725 063	149 658
Standard Bank - Money market	4 031 425	3 826 144
Old Mutual	521 270	491 185

Market risk

Capital risk management

The municipality's objective when managing capital is to safeguard the municipality's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in notes 15, cash and cash equivalents disclosed in note 8 and equity as disclosed in the statement of financial position. Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Nketoana Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
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49. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from overdue trade payables and long-term borrowings. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Payables at variable rates expose the municipality to cash flow interest rate risk.

During 2015 and 2014, the municipality's borrowings at fixed rates were denominated in the Rand.

During 2015 and 2014, the municipality's borrowings at variable rates were also denominated in the Rand.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Grainfield Chickens	- %	848 561	1 076 988	-	-	-
Trade and other payables	- %	106 018 239	-	-	-	-

Fair value interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Development Bank of South Africa	10,35 %	469 614	6 419 528	-	-	-
Development Bank of South Africa	9,09 %	80 298	1 073 361	-	-	-

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position as fair value through surplus or deficit. The municipality is not exposed to commodity price risk.

Nketoana Local Municipality

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50. Going concern

We draw attention to the fact that at 30 June 2015, the municipality had a deficit for the year amounting to R 40 412 333 and that the municipality's current liabilities exceed its current assets.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The municipality's current financial health however indicates that a material uncertainty exists as the municipality may not be able to realise its assets and discharge its liabilities.

At 30 June 2015 the municipality's current ratio was 0.5 to 1.0. The current ratio is a liquidity ratio that measures an entity's ability to pay short-term and long-term obligations. To gauge this ability, the current ratio considers the total assets of an entity (both liquid and illiquid) relative to that entity's total liabilities. (Current Ratio = Current Assets / Current Liabilities)

The municipality's trade payables at yearend amounted to R 106 018 239. At R 63 766 744, the amount payable to Eskom accounts for more than 60% of the trade payable balance. After the reporting date management of Nketoana Local Municipality started negotiations with Eskom via Provincial Treasury to arrange repayment of the outstanding balance over a 60 month term.

This and other arrangements with significant payables, if successful, will strengthen the current ratio to 0.9 to 1.0.

Management has compiled a revenue enhancement strategy which will be tabled to council for approval. The aim of this strategy is to identify instances where services rendered to consumers are omitted from billing and to also identify instances where billing is based on outdated information.

After reporting date the municipality also corrected billing errors which alongside the revenue enhancement strategy should strengthen the current ratio and take the municipality back to good financial health.

The 2014/2015 year showed an increase in cash and cash equivalents at yearend where 2013/2014 showed a decrease.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

51. Unauthorised expenditure

Opening balance	113 663 904	100 436 551
Unauthorised expenditure - current year	5 361 768	13 227 353
	119 025 672	113 663 904

2015

The current year expenditure relates to expenditure incurred for which there was no budget or for expenditure which was incurred after the budget had been depleted.

Please refer to the Statement of Comparison of Budget and Actual Amounts on page 12 for more information on the unauthorised expenditure.

52. Fruitless and wasteful expenditure

Opening balance	3 669 302	734 343
Current year	6 849 517	2 934 959
	10 518 819	3 669 302

The current year fruitless and wasteful expenditure relates to interest and penalties on overdue submissions and accounts.

Nketoana Local Municipality

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Figures in Rand	2015	2014
52. Fruitless and wasteful expenditure (continued)		
Details of fruitless and wasteful expenditure		
		Interest on overdue accounts
Auditor-General		214 314
Eskom		6 342 295
South African Revenue Services		292 908
		6 849 517
53. Irregular expenditure		
Opening balance	69 434 069	35 419 797
Add: Irregular Expenditure - current year	26 178 926	34 014 272
	95 612 995	69 434 069
Details of irregular expenditure – current year		
	Disciplinary steps taken/criminal proceedings	
Quotes and bids not evaluated in accordance with PPPF Act		9 231 148
Non-compliance with paragraph 13(c) and 46(2)(e) and (f) of the SCM regulations		2 175 820
Non-compliance with section 29(2) of the SCM regulations		14 344 458
Competitive bidding process not followed		427 500
		26 178 926
<p>During the 2014/2015 financial year the municipality identified irregular expenditure relating to 2013/2014 transactions. Due to the fact that these transactions were only identified in 2014/2015 the 2013/2014 annual financial statements had work-in-progress which was overstated by R 1 891 911 and expenditure that was overstated by R 1 314 500.</p>		
54. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	33 846	30 096
Amount paid - current year	(33 501)	(30 096)
	345	-
Material distribution losses		
Electricity	5 463 500	4 318 449
Water	1 066 042	607 969
	6 529 542	4 926 418

Electricity losses consist of technical and non-technical losses. Technical losses are inherent to the supply of electricity via lines and is further affected by the condition and age of the network, the weather conditions and load on the system. Non-technical losses consist of theft, vandalism and cable bridging.

The water losses are mainly due to metering inefficiencies, burst pipe and leaks in the reticulation network.

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
54. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	2 169 825	-
Current year fee	2 800 787	4 451 839
Amount paid - current year	(3 100 000)	(2 126 773)
Amount paid - previous years	-	(155 241)
	1 870 612	2 169 825

PAYE and UIF		
Opening balance	620 308	-
Current year subscription / fee	6 974 915	6 707 485
Amount paid - current year	(4 945 208)	(6 087 177)
	2 650 015	620 308

Pension and Medical Aid Deductions		
Opening balance	1 476 776	-
Current year subscription / fee	11 465 628	10 971 505
Amount paid - current year	(10 585 716)	(9 494 729)
	2 356 688	1 476 776

VAT		
VAT payable	15 566 312	13 080 172

VAT output payables and VAT input receivables are shown in note 17.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Semela, MS	-	4 198	4 198
Mosia, MJ	-	5 750	5 750
Radebe, TP	-	3 785	3 785
	-	13 733	13 733

55. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	9 968 351	11 317 259
Used to finance property, plant and equipment	-	(2 679 831)
	9 968 351	8 637 428
Cash set aside for the repayment of long-term liabilities	(1 200 000)	(3 826 144)
	8 768 351	4 811 284

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

**Nketoana Local Municipality
Appendix A**

Schedule of external loans as at 30 June 2015

Loan Number	Redeemable	Balance at 30 June 2014	Interest charged during the period	Repayments during the period	Balance at 30 June 2015	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 Loan @ 10,35%	61000275	7 409 681	741 568	1 261 904	6 889 345	-	-
DBSA Loan @ 9,09%	61000276	1 226 951	108 584	181 875	1 153 660	-	-
		8 636 632	850 152	1 443 779	8 043 005	-	-
Other loans							
Grainfield Chickens (Pty) Ltd		2 683 629	-	755 281	1 928 348	-	-
		2 683 629	-	755 281	1 928 348	-	-
Total external loans		11 320 261	850 152	2 199 060	9 971 353	-	-

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Nketoana Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2015
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	101 392 409	-	-	-	-	-	101 392 409	-	-	-	-	-	-	101 392 409
Landfill Sites (Separate for AFS purposes)	9 556 865	4 924	(646 421)	9 002 750	-	-	17 918 118	-	-	-	(1 203 693)	-	(1 203 693)	16 714 425
Buildings (Separate for AFS purposes)	40 962 250	-	-	-	-	-	40 962 250	(6 828 647)	-	-	(1 365 468)	-	(8 194 115)	32 768 135
	151 911 524	4 924	(646 421)	9 002 750	-	-	160 272 777	(6 828 647)	-	-	(2 569 161)	-	(9 397 808)	150 874 969
Infrastructure														
Roads, Pavements & Bridges	665 587 163	-	-	13 759 735	-	-	679 346 898	(446 809 902)	-	-	(45 323 586)	-	(492 133 488)	187 213 410
Transmission & Reticulation	31 407 356	-	-	4 649 123	-	-	36 056 479	(12 497 164)	-	-	(1 816 025)	-	(14 313 189)	21 743 290
Water purification	109 643 170	-	-	25 767 231	-	-	135 410 401	(48 739 875)	-	-	(7 096 498)	-	(55 836 373)	79 574 028
Sewerage purification	143 133 801	-	-	-	-	-	143 133 801	(89 549 666)	-	-	(7 179 422)	-	(96 729 088)	46 404 513
Work-in-progress	74 037 932	49 275 299	-	(53 178 839)	-	-	70 134 392	-	-	-	-	-	-	70 134 392
	1 023 809 222	49 275 299	-	(9 002 750)	-	-	1 064 081 771	(597 596 607)	-	-	(61 415 531)	-	(659 012 138)	405 069 633
Community Assets														
Other	16 972 994	-	-	-	-	-	16 972 994	(4 429 601)	-	-	(999 919)	-	(5 429 520)	11 543 474
	16 972 994	-	-	-	-	-	16 972 994	(4 429 601)	-	-	(999 919)	-	(5 429 520)	11 543 474

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Appendix B

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

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
Other	1 595 264	-	-	-	-	-	1 595 264	-	-	-	-	-	-	1 595 264
Movable assets	19 597 934	1 704 176	-	-	-	-	21 302 110	(12 349 984)	-	-	(2 419 196)	-	(14 769 180)	6 532 930
	21 193 198	1 704 176	-	-	-	-	22 897 374	(12 349 984)	-	-	(2 419 196)	-	(14 769 180)	8 128 194

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Analysis of property, plant and equipment as at 30 June 2015
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	151 911 524	4 924	(646 421)	9 002 750	-	-	160 272 777	(6 828 647)	-	-	(2 569 161)	-	(9 397 808)	150 874 969
Infrastructure	1 023 809 222	49 275 299	-	(9 002 750)	-	-	1 064 081 771	(597 596 607)	-	-	(61 415 531)	-	(659 012 138)	405 069 633
Community Assets	16 972 994	-	-	-	-	-	16 972 994	(4 429 601)	-	-	(999 919)	-	(5 429 520)	11 543 474
Other assets	21 193 198	1 704 176	-	-	-	-	22 897 374	(12 349 984)	-	-	(2 419 196)	-	(14 769 180)	8 128 194
	1 213 886 938	50 984 399	(646 421)	-	-	-	1 264 224 916	(621 204 839)	-	-	(67 403 807)	-	(688 608 646)	575 616 270
Agricultural/Biological assets														
Biological assets	22 700	-	-	-	27 776	-	50 476	-	-	-	-	-	-	50 476
	22 700	-	-	-	27 776	-	50 476	-	-	-	-	-	-	50 476
Intangible assets														
Computers - software & programming	99 948	19 666	-	-	-	-	119 614	(72 115)	-	-	(21 826)	-	(93 941)	25 673
	99 948	19 666	-	-	-	-	119 614	(72 115)	-	-	(21 826)	-	(93 941)	25 673
Investment properties														
Investment property	9 143 386	-	-	-	-	-	9 143 386	(880 000)	-	-	(146 667)	-	(1 026 667)	8 116 719
	9 143 386	-	-	-	-	-	9 143 386	(880 000)	-	-	(146 667)	-	(1 026 667)	8 116 719
Total														
Land and buildings	151 911 524	4 924	(646 421)	9 002 750	-	-	160 272 777	(6 828 647)	-	-	(2 569 161)	-	(9 397 808)	150 874 969
Infrastructure	1 023 809 222	49 275 299	-	(9 002 750)	-	-	1 064 081 771	(597 596 607)	-	-	(61 415 531)	-	(659 012 138)	405 069 633
Community Assets	16 972 994	-	-	-	-	-	16 972 994	(4 429 601)	-	-	(999 919)	-	(5 429 520)	11 543 474
Other assets	21 193 198	1 704 176	-	-	-	-	22 897 374	(12 349 984)	-	-	(2 419 196)	-	(14 769 180)	8 128 194
Agricultural/Biological assets	22 700	-	-	-	27 776	-	50 476	-	-	-	-	-	-	50 476
Intangible assets	99 948	19 666	-	-	-	-	119 614	(72 115)	-	-	(21 826)	-	(93 941)	25 673
Investment properties	9 143 386	-	-	-	-	-	9 143 386	(880 000)	-	-	(146 667)	-	(1 026 667)	8 116 719
	1 223 152 972	51 004 065	(646 421)	-	27 776	-	1 273 538 392	(622 156 954)	-	-	(67 572 300)	-	(689 729 254)	583 809 138

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Appendix B

Analysis of property, plant and equipment as at 30 June 2014
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	101 392 409	-	-	-	-	-	101 392 409	-	-	-	-	-	-	101 392 409
Landfill Sites (Separate for AFS purposes)	9 556 865	-	-	-	-	-	9 556 865	-	-	-	-	-	-	9 556 865
Buildings (Separate for AFS purposes)	40 962 250	-	-	-	-	-	40 962 250	(5 462 863)	-	-	(1 365 783)	-	(6 828 646)	34 133 604
	151 911 524	-	-	-	-	-	151 911 524	(5 462 863)	-	-	(1 365 783)	-	(6 828 646)	145 082 878
Infrastructure														
Roads, Pavements & Bridges	658 368 782	-	-	7 218 382	-	-	665 587 164	(402 254 270)	-	-	(44 555 632)	-	(446 809 902)	218 777 262
Transmission & Reticulation	26 822 334	-	-	4 585 022	-	-	31 407 356	(11 259 096)	-	-	(1 238 067)	-	(12 497 163)	18 910 193
Water purification	109 047 843	-	-	595 327	-	-	109 643 170	(43 300 732)	-	-	(5 439 143)	-	(48 739 875)	60 903 295
Sewerage purification	143 004 519	-	-	129 082	-	-	143 133 601	(82 341 651)	-	-	(7 208 014)	-	(89 549 665)	53 583 936
Work-in -progress	31 734 868	56 376 742	-	(14 073 678)	-	-	74 037 932	-	-	-	-	-	-	74 037 932
	968 978 346	56 376 742	-	(1 545 865)	-	-	1 023 809 223	(539 155 749)	-	-	(58 440 856)	-	(597 596 605)	426 212 618
Community Assets														
Other	16 972 994	-	-	-	-	-	16 972 994	(3 368 464)	-	-	(1 061 136)	-	(4 429 600)	12 543 394
	16 972 994	-	-	-	-	-	16 972 994	(3 368 464)	-	-	(1 061 136)	-	(4 429 600)	12 543 394

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Appendix B

Analysis of property, plant and equipment as at 30 June 2014
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
Other	1 595 264	-	-	-	-	-	1 595 264	-	-	-	-	-	-	1 595 264
Movable assets	17 438 992	2 156 000	-	-	-	-	19 594 992	(9 819 327)	-	-	(2 530 656)	-	(12 349 983)	7 245 009
	19 034 256	2 156 000	-	-	-	-	21 190 256	(9 819 327)	-	-	(2 530 656)	-	(12 349 983)	8 840 273

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Appendix B

Analysis of property, plant and equipment as at 30 June 2014
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	151 911 524	-	-	-	-	-	151 911 524	(5 462 863)	-	-	(1 365 783)	-	(6 828 646)	145 082 878
Infrastructure	968 978 346	56 376 742	-	(1 545 865)	-	-	1 023 809 223	(539 155 749)	-	-	(58 440 856)	-	(597 596 605)	426 212 618
Community Assets	16 972 994	-	-	-	-	-	16 972 994	(3 368 464)	-	-	(1 061 136)	-	(4 429 600)	12 543 394
Other assets	19 034 256	2 156 000	-	-	-	-	21 190 256	(9 819 327)	-	-	(2 530 656)	-	(12 349 983)	8 840 273
	1 156 897 120	58 532 742	-	(1 545 865)	-	-	1 213 883 997	(557 806 403)	-	-	(63 398 431)	-	(621 204 834)	592 679 163
Agricultural/Biological assets														
Biological assets	11 500	8 000	-	-	3 200	-	22 700	-	-	-	-	-	-	22 700
	11 500	8 000	-	-	3 200	-	22 700	-	-	-	-	-	-	22 700
Intangible assets														
Computers - software & programming	99 947	-	-	-	-	-	99 947	(59 817)	-	-	(12 299)	-	(72 116)	27 831
	99 947	-	-	-	-	-	99 947	(59 817)	-	-	(12 299)	-	(72 116)	27 831
Investment properties														
Investment property	9 143 386	-	-	-	-	-	9 143 386	(733 333)	-	-	(146 667)	-	(880 000)	8 263 386
	9 143 386	-	-	-	-	-	9 143 386	(733 333)	-	-	(146 667)	-	(880 000)	8 263 386
Total														
Land and buildings	151 911 524	-	-	-	-	-	151 911 524	(5 462 863)	-	-	(1 365 783)	-	(6 828 646)	145 082 878
Infrastructure	968 978 346	56 376 742	-	(1 545 865)	-	-	1 023 809 223	(539 155 749)	-	-	(58 440 856)	-	(597 596 605)	426 212 618
Community Assets	16 972 994	-	-	-	-	-	16 972 994	(3 368 464)	-	-	(1 061 136)	-	(4 429 600)	12 543 394
Other assets	19 034 256	2 156 000	-	-	-	-	21 190 256	(9 819 327)	-	-	(2 530 656)	-	(12 349 983)	8 840 273
Agricultural/Biological assets	11 500	8 000	-	-	3 200	-	22 700	-	-	-	-	-	-	22 700
Intangible assets	99 947	-	-	-	-	-	99 947	(59 817)	-	-	(12 299)	-	(72 116)	27 831
Investment properties	9 143 386	-	-	-	-	-	9 143 386	(733 333)	-	-	(146 667)	-	(880 000)	8 263 386
	1 166 151 953	58 540 742	-	(1 545 865)	3 200	-	1 223 150 030	(558 599 553)	-	-	(63 557 397)	-	(622 156 950)	600 993 080

**Nketoana Local Municipality
Appendix C**

**Segmental analysis of property, plant and equipment as at 30 June 2015
Cost/Revaluation Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Planning and Development/Economic Development/Plan	9 338 385	-	-	-	-	-	9 338 385	(919 000)	-	-	(153 167)	-	(1 072 167)	8 266 218
Comm. & Social/Libraries and archives	16 972 994	-	-	-	-	-	16 972 994	(4 430 319)	-	-	(999 919)	-	(5 430 238)	11 542 756
Environmental Protection/Pollution Control	9 556 865	4 294	(646 421)	9 003 380	-	-	17 918 118	-	-	-	(1 203 693)	-	(1 203 693)	16 714 425
Waste Water Management/Sewerage	143 133 601	-	-	-	-	-	143 133 601	(89 549 666)	-	-	(7 179 422)	-	(96 729 088)	46 404 513
Road Transport/Roads	665 587 164	-	-	13 759 735	-	-	679 346 899	(446 809 902)	-	-	(45 323 586)	-	(492 133 488)	187 213 411
Water/Water Distribution	109 643 170	-	-	25 767 231	-	-	135 410 401	(48 739 875)	-	-	(7 096 498)	-	(55 836 373)	79 574 028
Electricity /Electricity Distribution	31 407 356	-	-	4 649 123	-	-	36 056 479	(12 497 164)	-	-	(1 816 025)	-	(14 313 189)	21 743 290
	985 639 535	4 294	(646 421)	53 179 469	-	-	1 038 176 877	(602 945 926)	-	-	(63 772 310)	-	(666 718 236)	371 458 641
Total														
Municipality	985 639 535	4 294	(646 421)	53 179 469	-	-	1 038 176 877	(602 945 926)	-	-	(63 772 310)	-	(666 718 236)	371 458 641
	985 639 535	4 294	(646 421)	53 179 469	-	-	1 038 176 877	(602 945 926)	-	-	(63 772 310)	-	(666 718 236)	371 458 641

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

Name of Grants	Name of organ of state or municipal entity	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	Sep	Dec	Mar		Jul	Sep	Dec	Mar		Jun	Sep	Dec	Mar	Jun		
Equitable Share		41 000	15 000	-	00 000	-	-	-	-	-	-	-	-	-	-	-	-	No
Regional Bulk Infrastructure Grant		53 626	49 307	90 839	76 699	-	-	-	-	-	-	-	-	-	-	-	-	
Municipal Infrastructure Grant		61 000	46 000	-	65 000	-	-	-	-	-	-	-	-	-	-	-	-	
Integrated National Electrification Programme		-	00 000	00 000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Municipal Finance Management Grant		00 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Municipal Systems Improvement Grant		34 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Expanded Public Works Programme		-	73 000	31 000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local Government Sector Education Training Authority		71 038	-	41 125	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		60 664	83 307	62 964	41 699	-	-	-	-	-	-	-	-	-	-	-	-	

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