



MAKHUDUTHAMAGA LOCAL MUNICIPALITY

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(Registration number LIM473)
Annual Financial Statements
for the year ended 30 June 2018

Makhuduthamaga Local Municipality

(Registration number LIM473)

Annual Financial Statements for the year ended 30 June 2018

General Information

Nature of business and principal activities	Provision of municipal quality services and maintaining the best interests of the local community in the Makhuduthamaga area
Mayoral committee	
Municipal Mayor	Clr Maitula B.M
Executive Committee Members	Clr Mapheto M.T Clr Lerobane M.P Clr Mankge H.N Clr Mohlala M.J Clr Maloma P.T Clr Monakedi A.L Clr Phala M Clr Maisela K.R
Accounting Officer	Mr Matlala M.K (Acting Municipal Manager) 01/07/2017 - 31/01/2018 Mr Moganedi R.M (Acting Municipal Manager) 01/02/2018 - 30/06/2018 Ms Rampedi M.N (Appointed 1st July 2018)
Chief Financial Officer	Mr Moganedi R.M Ms Ntswane R.J (Acting CFO) 01/02/2018 - 30/06/2018
Registered office	Makhuduthamaga Municipality LIM473 No 1 Groblersdal Road Next to Jane Furse Plaza 1085
Business address	No 1 Groblersdal road Next to Jane Furse Plaza Jane Furse 1085 www.makhuduthamaga.gov.za
Postal address	Private Bag x 434 Jane Furse 1085 Tel:013 265 8600 Fax:013 265 1975
Bankers	ABSA Bank Limited
Auditors	Auditor General South Africa
Attorneys	Makgahlela Mashaba Attorneys(Debt Collection) Kgohlishi Mamabolo Attorneys(Civil matters)

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Index/Abbreviations

The reports and statements set out below comprise the annual financial statements presented to the Municipal Council:

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

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Accounting Officer's Responsibilities and Approval

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

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

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

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records can be relied on for the preparation of the annual financial statements.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, she is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 6 to 76, and appendixes as set out on page 71 to 85 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018 and were signed on its behalf by:

Accounting Officer

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Audit and Performance Committee Report

We are pleased to present our report for the financial year ended 30 June 2018.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year five (05) meetings were held. The attendance of the audit committee meetings were as follows.

Name of member	Number of meetings attended
Manthata H.M (Chairperson)	4
Ngoetjane M.S CA(SA) (Member)	5
Maeyane A.K (Member)	5
Mpjane J.N CA(SA) (Member)	5

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be submitted to the Auditor-General South Africa for external audit with the Accounting Officer and senior management of the municipality;
- reviewed the entities compliance with legal and regulatory provisions;

The audit committee concur with and accept the annual financial statements, of the municipality presented for external audit and are of the opinion that the unaudited annual financial statements should be accepted and should be read together with the report of the Auditor-General of South Africa after completion of the external audit.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Chairperson of the Audit Committee

Date: _____

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Accounting Officer's Report

The accounting officer submit the report for the year ended 30 June 2018.

1. Review of activities

Main business and operations

Net deficit of the municipality for the current year was R 67,727,494 (2017: surplus R 13,993,552).

The expenditure in excess of the budgeted revenue for the current year 2017/18 was funded through the cash reserves to a total amount of R 79 211 195, which cannot be recognised as revenue in the statement of financial performance. The deficit of R 63 439 670 reported was as a result of the expenditure in excess of the budgeted revenue funded through the cash reserves.

2. Going concern

The municipality conducted a going concern assessment as at 30 June 2018 and the results concluded that the municipality will be able to operate for the coming foreseeable future.

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

3. Accounting policies

The annual financial statements prepared were in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

4. Accounting Officer

Name	Nationality	Date of Appointment
Mr Matlala M.K (01/07/2017 - 31/01/2018)	South African	Appointed Sunday, 01 July 2018
Mr Moganedi R.M (01/02/2018 - 30/06/2018)	South African	Appointed Thursday, 01 February 2018
Ms Rampedi M.N	South Africa	Appointed Monday, 02 July 2018

5. Bankers

The municipality banks primarily with Absa Bank Limited

6. Auditors

Auditor General South Africa will continue in office for the next financial period.

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Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	4	514,769	538,808
Receivables from exchange transactions	6	908,325	2,039,183
VAT receivable	7	25,653,978	29,960,670
Receivables from non exchange transactions	5	482,949	1,562,250
Cash and cash equivalents	3	19,277,879	84,204,466
		46,837,900	118,305,377
Non-Current Assets			
Investment property	9	209,500	209,500
Property, plant and equipment	10	291,199,916	292,337,750
Intangible assets	8	2,212,986	3,154,200
		293,622,402	295,701,450
Total Assets		340,460,302	414,006,827
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	46,021,432	48,479,987
Unspent conditional grants and receipts	12	1,723,165	6,111,363
Long service awards	13	80,894	92,774
		47,825,491	54,684,124
Non-Current Liabilities			
Post employment medical aid benefit	13	2,312,000	1,694,000
Long service awards	13	2,192,106	1,922,226
		4,504,106	3,616,226
Total Liabilities		52,329,597	58,300,350
Net Assets		288,130,705	355,706,477
Accumulated surplus		288,130,705	355,706,470

* See Note 41

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Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	34	149,954	133,565
Licenses & Permits		4,943,493	5,152,061
Gain on Disposal of Assets		-	1,019,832
Acturial Gain	19	26,207	415,377
Other income	17	924,880	785,629
Interest received - investment	16	7,828,088	9,891,055
Total revenue from exchange transactions		13,872,622	17,397,519
Revenue from non-exchange transactions			
Property rates	18	37,707,750	37,889,871
Interest on outstanding debtors	16	33,999,444	30,084,449
Traffic fines	20	235,500	873,550
Transfer revenue			
Government grants & subsidies	15	322,178,198	319,071,637
Total revenue from non-exchange transactions		394,120,892	387,919,507
Total revenue	14	407,993,514	405,317,026
Expenditure			
Employee related costs	21	62,121,189	54,432,830
Remuneration and allowances of councillors	22	22,111,974	19,996,427
Administration	23	16,577,828	10,924,774
Depreciation and amortisation	24	26,107,544	22,339,668
Impairment loss	25	-	1,794,528
Finance costs	26	403,110	355,439
Debt Impairment	27	65,756,814	77,297,404
Contracted services	29	40,629,474	21,224,460
Transfers and subsidies	30	4,685,022	4,309,604
Loss on disposal of assets		13,083	-
General expenses	32	77,505,189	57,988,026
Auditor's remuneration	33	3,196,316	2,378,837
Capital expenditure written-off (D Roads)	31	115,652,295	80,917,543
Repairs and Maintenance	28	40,809,447	37,363,934
Total expenditure		475,569,285	391,323,474
(Deficit) surplus for the year		(67,575,771)	13,993,552

* See Note 41

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2016	341,712,918	341,712,918
Changes in net assets		
Surplus for the year	13,993,552	13,993,552
Total changes	13,993,552	13,993,552
Opening balance as previously reported	355,992,593	355,992,593
Adjustments		
Prior period error (WIP)	(243,689)	(243,689)
Prior Period Error (SITA)	(33,872)	(33,872)
Prior Period error (Audit Committee Support & Contracted Services)	(8,556)	(8,556)
Restated* Balance at 01 July 2017 as restated*	355,706,476	355,706,476
Changes in net assets		
Surplus (deficit) for the year	(67,575,771)	(67,575,771)
Total changes	(67,575,771)	(67,575,771)
Balance at 30 June 2018	288,130,705	288,130,705
Note(s)		

* See Note 41

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Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Property rates, VAT and traffic fines		7,265,182	8,389,776
Cash received from consumers and other sources of revenue		6,228,271	5,777,914
Grants		317,790,000	310,183,000
Interest income		8,749,002	8,989,062
		<u>340,032,455</u>	<u>333,339,752</u>
Payments			
Employee costs		(61,878,045)	(53,951,733)
Cash paid to suppliers and other related services		(181,275,039)	(133,096,867)
Finance Costs		(110)	(1,439)
Capital expenditure written-off (D Roads)		(115,652,295)	(80,917,543)
Councillors' allowances		(22,111,974)	(19,996,427)
		<u>(380,917,463)</u>	<u>(287,964,009)</u>
Net cash flows from operating activities	36	(40,885,008)	45,375,743
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(24,061,430)	(56,707,407)
Proceeds from sale of property, plant and equipment	10	19,851	1,079,587
Purchase of other intangible assets	8	-	(1,955,375)
		<u>(24,041,579)</u>	<u>(57,583,195)</u>
Net increase/(decrease) in cash and cash equivalents		(64,926,587)	(12,207,452)
Cash and cash equivalents at the beginning of the year		84,204,466	96,411,918
Cash and cash equivalents at the end of the year	3	19,277,879	84,204,466

* See Note 41

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	121,084	-	121,084	149,954	28,870	
Licenses and permits	5,169,016	-	5,169,016	4,943,493	(225,523)	
Actuarial gain	-	-	-	26,207	26,207	
Other income	1,031,940	(366,510)	665,430	924,880	259,450	
Interest received - investment	12,259,455	(3,231,052)	9,028,403	7,828,088	(1,200,315)	
Total revenue from exchange transactions	18,581,495	(3,597,562)	14,983,933	13,872,622	(1,111,311)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	38,840,991	(1,113,242)	37,727,749	37,707,750	(19,999)	
Interest earned - Outstanding Debtors	21,057,518	12,593,312	33,650,830	33,999,444	348,614	
Traffic fines	631,800	(366,900)	264,900	235,500	(29,400)	
Transfer revenue						
Government grants & subsidies	312,422,000	11,450,000	323,872,000	322,178,198	(1,693,802)	
Total revenue from non-exchange transactions	372,952,309	22,563,170	395,515,479	394,120,892	(1,394,587)	
Total revenue	391,533,804	18,965,608	410,499,412	407,993,514	(2,505,898)	
Expenditure						
Personnel	(72,815,287)	3,180,139	(69,635,148)	(62,121,189)	7,513,959	
Remuneration and allowances of councillors	(22,039,884)	-	(22,039,884)	(22,111,974)	(72,090)	
Depreciation, impairment and amortisation	(21,500,000)	(1,717,892)	(23,217,892)	(26,107,544)	(2,889,652)	
Finance costs	-	-	-	(403,110)	(403,110)	
Debt impairment	(28,048,896)	-	(28,048,896)	(65,756,814)	(37,707,918)	
Repairs and maintenance	(48,381,400)	-	(48,381,400)	(40,809,447)	7,571,953	
Contracted Services	(35,646,873)	(78,007,691)	(113,654,564)	(40,629,474)	73,025,090	
Transfers and Subsidies	(3,926,382)	-	(3,926,382)	(4,685,022)	(758,640)	
General Expenses	(36,457,830)	18,211,958	(18,245,872)	(212,931,628)	(194,685,756)	
Total expenditure	(268,816,552)	(58,333,486)	(327,150,038)	(475,556,202)	(148,406,164)	
Operating deficit	122,717,252	(39,367,878)	83,349,374	(67,562,688)	(150,912,062)	
Loss on disposal of assets and liabilities	-	-	-	(13,083)	(13,083)	
Deficit before taxation	122,717,252	(39,367,878)	83,349,374	(67,575,771)	(150,925,145)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	122,717,252	(39,367,878)	83,349,374	(67,575,771)	(150,925,145)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	450,000	-	450,000	514,769	64,769	
Receivables from exchange transactions	23,669,331	-	23,669,331	908,325	(22,761,006)	
VAT receivable	25,856,200	-	25,856,200	25,653,978	(202,222)	
Receivables from non exchange transactions	9,230,493	-	9,230,493	482,949	(8,747,544)	
Cash and cash equivalents	73,976,990	(13,304,249)	60,672,741	19,277,879	(41,394,862)	
	133,183,014	(13,304,249)	119,878,765	46,837,900	(73,040,865)	
Non-Current Assets						
Investment property	1,251,500	-	1,251,500	209,500	(1,042,000)	
Property, plant and equipment	518,817,219	-	518,817,219	291,199,916	(227,617,303)	
Intangible assets	1,450,500	-	1,450,500	2,212,986	762,486	
	521,519,219	-	521,519,219	293,622,402	(227,896,817)	
Total Assets	654,702,233	(13,304,249)	641,397,984	340,460,302	(300,937,682)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	33,613,124	-	33,613,124	46,021,432	12,408,308	
Unspent conditional grants and receipts	-	-	-	1,723,165	1,723,165	
Long service awards	90,000	-	90,000	80,894	(9,106)	
	33,703,124	-	33,703,124	47,825,491	14,122,367	
Non-Current Liabilities						
Post employment medical aid benefit	1,968,540	-	1,968,540	2,312,000	343,460	
Long service awards	2,268,000	-	2,268,000	2,192,106	(75,894)	
	4,236,540	-	4,236,540	4,504,106	267,566	
Total Liabilities	37,939,664	-	37,939,664	52,329,597	14,389,933	
Net Assets	616,762,569	(13,304,249)	603,458,320	288,130,705	(315,327,615)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	616,762,569	(13,304,249)	603,458,320	288,130,705	(315,327,615)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Rate payers and other	25,244,796	-	25,244,796	7,265,182	(17,979,614)	
Government grants - Operational	249,226,000	-	249,226,000	240,532,198	(8,693,802)	
Government grants - Capital	63,196,000	5,450,000	68,646,000	77,257,802	8,611,802	
Interest income	12,259,455	(3,231,000)	9,028,455	8,749,002	(279,453)	
Other receipts	26,380,759	34,585,115	60,965,874	6,228,271	(54,737,603)	
	376,307,010	36,804,115	413,111,125	340,032,455	(73,078,670)	
Payments						
Employee costs	(72,815,287)	3,180,139	(69,635,148)	(61,878,045)	7,757,103	
Suppliers	(124,412,484)	(59,795,733)	(184,208,217)	(181,275,039)	2,933,178	
Finance Costs	-	-	-	(110)	(110)	
Capital expenditure written-off (D Roads)	-	-	-	(115,652,295)	(115,652,295)	
Councilor Allowances	(22,039,884)	-	(22,039,884)	(22,111,974)	(72,090)	
	(219,267,655)	(56,615,594)	(275,883,249)	(380,917,463)	(105,034,214)	
Net cash flows from operating activities	157,039,355	(19,811,479)	137,227,876	(40,885,008)	(178,112,884)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(144,961,810)	(15,797,788)	(160,759,598)	(24,061,430)	136,698,168	
Proceeds from sale of property, plant and equipment	-	-	-	19,851	19,851	
Net cash flows from investing activities	(144,961,810)	(15,797,788)	(160,759,598)	(24,041,579)	136,718,019	
Net increase/(decrease) in cash and cash equivalents	12,077,545	(35,609,267)	(23,531,722)	(64,926,587)	(41,394,865)	
Cash and cash equivalents at the beginning of the year	84,204,466	-	84,204,466	84,204,466	-	
Cash and cash equivalents at the end of the year	96,282,011	(35,609,267)	60,672,744	19,277,879	(41,394,865)	

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Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Narations for material variances (above 10%)

Interest Received - Outstanding Debtors: The high bill for interests is due to none payment of property rates accounts by government departments and local businesses. The outstanding debts for government are handled by the department of CoGHSTA through Intergovernmental Debt Forum. The municipality has contracted a debt collector to assist on collecting outstanding debts from the local businesses .

Government Grants and Subsidies: The unspent conditional grant is for an for the Intergrated National Eletrification Programe which hasn't been spent completely as budgeted for due to some delays in implementation of the project. An application for roll-over will be made to the National Treasury with the intention of spending the remaining balance in the 2018/19 financial year..

Statement of financial performance (Expenditure) Variances

Employee Related Costs: The underspending resulted from budgeted positions which were not filled within the 2017/18 financial year..

Statement of Financial Position(Assets) Variances.

Receivables from Non-exchange Transactions: Collection on both property rates and traffic fines was very poor for the 2018/19 financial year.

Cash and Cash Equivalents: The municipality's overall expenditure is 93% for the 2018/19 total budget which has shows an improvement in spending on the budgted projects, the results of which was a reduction in the cash balances as at 30 June 2018. .

Statement of financial position(Liabilities) Varianc

Cash Flow Statement(Reciepts)Variances

Rate payers and Other: The municipality did not manage to collect more on the property rates, however engagementswith the business owners are at an advanced stage for the collection of property rates starting from July 2018.

Cash Flow Statement(Payments) Variances

Employee Related Costs: Not all vacant positions were filled during the 2017/18 financial year..

Suppliers:

Purchase of Intangible Assets: The municipality did acquire new software during the financial year and was budgeted for under PPE.

The effects of the prior period errors can be summarised as follows in the financial stat.

Makhuduthamaga Local Municipality

(Registration number LIM473)

Annual Financial Statements for the year ended 30 June 2018

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2018											
Financial Performance											
Property rates	38,840,991	(1,113,241)	37,727,750	-	-	37,727,750	37,707,750	-	(20,000)	100 %	97 %
Investment revenue	12,259,455	(3,231,052)	9,028,403	-	-	9,028,403	41,827,532	-	32,799,129	463 %	341 %
Transfers recognised - operational	236,226,000	-	236,226,000	-	-	236,226,000	322,178,198	-	85,952,198	136 %	136 %
Other own revenue	28,011,358	17,859,902	45,871,260	-	-	45,871,260	6,280,034	-	(39,591,226)	14 %	22 %
Total revenue (excluding capital transfers and contributions)	315,337,804	13,515,609	328,853,413	-	-	328,853,413	407,993,514	-	79,140,101	124 %	129 %
Employee costs	(72,815,287)	3,180,139	(69,635,148)	-	-	(69,635,148)	(62,121,189)	-	7,513,959	89 %	85 %
Remuneration of councillors	(22,039,884)	-	(22,039,884)	-	-	(22,039,884)	(22,111,974)	-	(72,090)	100 %	100 %
Debt impairment	(28,048,896)	-	(28,048,896)	-	-	(28,048,896)	(65,756,814)	-	(37,707,918)	234 %	234 %
Depreciation and asset impairment	(21,500,000)	(1,717,892)	(23,217,892)	-	-	(23,217,892)	(26,107,544)	-	(2,889,652)	112 %	121 %
Finance charges	-	-	-	-	-	-	(403,110)	-	(403,110)	DIV/0 %	DIV/0 %
Contracted Services	(35,646,873)	(78,007,691)	(113,654,564)	-	-	(113,654,564)	-	-	113,654,564	- %	- %
Transfers and grants	-	-	-	-	-	-	(4,685,022)	-	(4,685,022)	DIV/0 %	DIV/0 %
Other expenditure	(88,765,612)	18,211,957	(70,553,655)	-	-	(70,553,655)	(294,383,632)	-	(223,829,977)	417 %	332 %
Total expenditure	(268,816,552)	(58,333,487)	(327,150,039)	-	-	(327,150,039)	(475,569,285)	-	(148,419,246)	145 %	177 %
Surplus/(Deficit)	46,521,252	(44,817,878)	1,703,374	-	-	1,703,374	(67,575,771)	-	(69,279,145)	(3,967)%	(145)%

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Transfers recognised - capital	76,196,000	5,450,000	81,646,000	-		81,646,000	-		(81,646,000)	- %	- %
Surplus (Deficit) after capital transfers and contributions	122,717,252	(39,367,878)	83,349,374	-		83,349,374	(67,575,771)		(150,925,145)	(81)%	(55)%
Surplus/(Deficit) for the year	122,717,252	(39,367,878)	83,349,374	-		83,349,374	(67,575,771)		(150,925,145)	(81)%	(55)%
Capital expenditure and funds sources											
Total capital expenditure	144,961,811	15,797,788	160,759,599	-		160,759,599	160,282,264		(477,335)	100 %	111 %
Sources of capital funds											
Transfers recognised - capital	144,961,811	15,797,788	160,759,599	-		160,759,599	160,282,264		(477,335)	100 %	111 %

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	157,039,354	(19,811,479)	137,227,875	-		137,227,875	(40,885,008)		(178,112,883)	(30)%	(26)%
Net cash from (used) investing	(144,961,811)	(15,797,788)	(160,759,599)	-		(160,759,599)	(24,041,579)		136,718,020	15 %	17 %
Net increase/(decrease) in cash and cash equivalents	12,077,543	(35,609,267)	(23,531,724)	-		(23,531,724)	(64,926,587)		(41,394,863)	276 %	(538)%
Cash and cash equivalents at the beginning of the year	84,204,466	-	84,204,466	-		84,204,466	84,204,466		-	100 %	100 %
Cash and cash equivalents at year end	96,282,009	(35,609,267)	60,672,742	-		60,672,742	19,277,879		41,394,863	32 %	20 %

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Receivables

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

The impairment for trade receivables, is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to receivable balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

In determining the allowance for stock to write stock down to the lower of cost or net realisable value, management have made estimates of the selling price and direct cost to sell on certain inventory items, where applicable.

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable (services) amount of cash-generating units and individual assets have been determined based on the higher of value in use calculations and fair value less cost to sell. The calculations require the use of estimates and assumptions.

Value in use of cash generating assets:

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

Value in use of non cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with 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, the municipality 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.

Other key assumptions for post retirement benefits obligations are based on current market conditions. Additional information is disclosed in Note 13.

Effective interest rate

The municipality used the prime interest rate plus 1% to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or

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Accounting Policies

1.4 Investment property (continued)

- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gain or loss arising from the derecognition of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Such a difference is recognised in surplus or deficit when the investment property is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note).

1.5 Property, plant and equipment

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

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

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

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Accounting Policies

1.5 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	25 Years
Plant and machinery	Straight line	5-10 Years
Furniture and fixtures	Straight line	7 Years
Motor vehicles	Straight line	8 Years
Office equipment	Straight line	5 Years
IT equipment	Straight line	3-5 Years
Loose tools	Straight line	5 Years
Bridges	Straight line	15 Years
Prefabricated culverts	Straight line	15 Years
Concrete kerbing, channeling, chutes and downpipes	Straight line	40 Years
Mass earthworks	Straight line	80 Years
Pavement layers	Straight line	15 Years
Prime coat	Straight line	15 years
Double seal	Straight line	15 Years

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Accounting Policies

1.5 Property, plant and equipment (continued)

Pitching, Stonework and protection	Straight line	15 Years
Gabions	Straight line	25 Years
Guardrails	Straight line	25 Years
Road signs	Straight line	15 Years
Road markings	Straight line	15 Years
Concrete block paving for roads	Straight line	15 Years
Concrete for structures	Straight line	15 Years
Street lighting	Straight line	15 Years
High mast lights	Straight line	15 Years
Capital Work In Progress	Straight line	Not depreciated
Asphalt surface	Straight line	15 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the statement of changes in equity.

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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Accounting Policies

1.6 Intangible assets (continued)

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

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

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

1.7 Financial instruments

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

Classification

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Accounting Policies

1.7 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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

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

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Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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Accounting Policies

1.7 Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

In this case, the entity :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

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1.7 Financial instruments (continued)

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

1.8 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

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1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

Useful life is either:

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

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1.10 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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1.10 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.12 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

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1.12 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

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

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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1.13 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

1.14 Commitments

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

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments
- Where the expenditure has been approved and the contract has been awarded at the reporting date, and
- Where disclosure is required by a specific standard of GRAP.

1.15 Revenue from exchange transactions

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

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1.15 Revenue from exchange transactions (continued)

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

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

Measurement

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

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

1.16 Revenue from non-exchange transactions

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

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

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1.16 Revenue from non-exchange transactions (continued)

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

Measurement

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

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

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

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

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

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Government grants

Government grants are recognised as revenue when:

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

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

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

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

Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

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1.16 Revenue from non-exchange transactions (continued)

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the statement of changes in equity recognises revenue as and when it satisfies the conditions of the loan agreement.

1.17 Investment income

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

1.18 Borrowing costs

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

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

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget.
- overspending of the total amount appropriated for a vote in the approved budget.
- expenditure from a vote unrelated to the department or functional area covered by the vote.
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or.
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

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1.22 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

1.23 Budget information

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

The approved budget covers the fiscal period from 2017/07/01 to 2020/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 Events after reporting date

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Accounting Policies

1.25 Events after reporting date (continued)

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

those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and :

those that are indicative of conditions that arose after the reporting date (non - adjusting events after the reporting date):

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.

Events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the financial statements.

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

2018

2017

2. New standards and interpretations

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 18 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2019

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2019.

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: To require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 109: Accounting by Principals and Agents

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: To clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 31 (as amended 2016): Intangible Assets

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

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Notes to the Annual Financial Statements

Figures in Rand 2018 2017

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	156	706
Bank balances	19,277,723	84,203,760
	19,277,879	84,204,466

Short-term Investments

The municipality held the following short-terms investments with different financial institutions during the 2017/18 financial year, all investments had zero balances as at the 30th of June 2018 as they have all matured and the capital amounts invested and their interest have all been paid back to the municipality by the 30th of June 2018.

Financial Institutions

ABSA (Acc No.2077091612)	30,000,000	-
ABSA 2017/18(Acc No.2077213753) - 2016/17(Acc No.2077213753)	50,000,000	102,600,000
ABSA 2017/18(Acc No.2077440897) - 2016/17(Acc No.2076161517)	60,000,000	60,000,000
VBS Bank 2017/18(Acc No.010088585002) - 2016/17(Acc No.1007778802)	30,000,000	3,000,000
VBS Bank (Acc No.010088585001)	30,000,000	-
Investec 2016/17(Acc No.001668609)	-	50,000,000
	200,000,000	215,600,000

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
ABSA BANK - 4050384145 - (Primary Cheque Account)	19,558,557	4,340,036	19,206,179	4,106,383
ABSA BANK - 4069702429 - (Call Account)	66,544	63,679	66,544	63,679
ABSA BANK - 4076690079 - (Salaries)	5,000	33,698	5,000	33,698
INVESTEC - 001668609 - (Investment Account)	-	50,026,112	-	50,000,000
VBS Mutual Bank - 1007778802 - (Investment Account)	-	30,000,000	-	30,000,000
Total	19,630,101	84,463,525	19,277,723	84,203,760

4. Inventories

Consumable stores	514,769	538,808
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4.1 Reconciliation of Inventory

Opening Balance	538,808	540,239
Add:Receipts	3,921,714	2,573,360
Less:Issues	(3,945,753)	(2,574,791)
	514,769	538,808

5. Receivables from non-exchange transactions

Gross balances

Rates	362,344,708	297,881,196
Traffic fines	2,040,820	1,826,820
	364,385,528	299,708,016

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
5. Receivables from non-exchange transactions (continued)		
Less: Allowance for impairment		
Rates	(362,063,239)	(296,516,576)
Traffic Fines	(1,839,340)	(1,629,190)
	(363,902,579)	(298,145,766)
Net balance		
Rates	281,469	1,364,620
Traffic Fines	201,480	197,630
	482,949	1,562,250

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
5. Receivables from non-exchange transactions (continued)		
Summary of receivables from non-exchange transactions by customer classification		
Traffic Fine		
Current (0 -30 days)	-	72,000
31 - 60 days	40,500	127,900
91 - 120 days	19,750	40,400
121 - 365 days	1,980,570	1,586,520
	<u>2,040,820</u>	<u>1,826,820</u>
Less: Allowance for impairment	(1,839,340)	(1,629,190)
	201,480	197,630
Industrial/ commercial		
Current (0 -30 days)	1,357,077	1,524,790
31 - 60 days	2,745,596	770,610
91 - 120 days	2,448,213	3,721,724
121 - 365 days	55,559,358	41,872,196
	<u>62,110,244</u>	<u>47,889,320</u>
Less: Allowance for impairment	(62,110,244)	(47,826,920)
	-	62,400
National and provincial government		
Current (0 -30 days)	4,970,726	7,093,243
31 - 60 days	9,990,430	4,724,429
91 - 120 days	8,720,411	4,606,579
121 - 365 days	276,552,898	235,962,157
	<u>300,234,465</u>	<u>252,386,408</u>
Less: Allowance for impairment	(299,952,996)	(251,084,188)
	281,469	1,302,220
Total		
Current (0 -30 days)	6,327,803	8,618,033
31 - 60 days	12,776,525	5,495,038
91 - 120 days	11,188,374	8,328,303
121 - 365 days	334,092,826	277,266,641
	<u>364,385,528</u>	<u>299,708,015</u>
Less: Allowance for impairment	(364,054,304)	(298,145,766)
	482,949	1,562,249
Less: Allowance for impairment		
Current (0 -30 days)	(5,844,854)	(4,273,309)
31 - 60 days	(12,739,475)	(9,772,003)
61 - 90 days	(11,205,674)	(5,361,275)
91 - 120 days	(333,265,081)	(278,739,180)
	<u>(363,055,084)</u>	<u>(298,145,767)</u>

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
5. Receivables from non-exchange transactions (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(298,145,767)	(220,848,363)
Contributions to allowance	(65,908,537)	(77,297,404)
Debt impairment written off against allowance	999,220	-
	(363,055,084)	(298,145,767)

Receivables from non - exchange transactions impaired

As of 30 June 2018, receivables from non-exchange transactions of R 363 055 084 (2017: R 298 145 767) were impaired and provided for.

6. Receivables from exchange transactions

Accrued Income (Interest on investment)	118,986	1,039,900
Other debtors	12,400	8,280
Pre-paid expense (SALGA Levy)	776,939	991,003
	908,325	2,039,183

The amount for Other debtors in the prior year is for unpaid site rental and debt raised against employees who lost their laptops. The amount will be fully recovered from the responsible officials. Included in the other debtors for the current year is a debt raised against a service provider, who's invoice was erroneously paid twice.

7. VAT receivable

VAT	25,653,978	29,960,670
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VAT is payable on invoice basis and claimed from SARS when a tax invoice is received

Reconciliation

Balance at the beginning of the year	29,960,670	13,521,683
Plus: Net Refunds as per VAT receivable	34,483,340	28,460,304
Plus: Current year VAT suspense - Retention amount	5,426,083	4,667,497
Less: Prior year suspense - Retention amount	(4,667,497)	(4,397,001)
Less: VAT Payments by SARS - Current year	(24,110,424)	(6,392,850)
Less: VAT Payments by SARS - Previous year	(14,871,244)	(6,465,913)
Prior year adjustment	(566,950)	566,950
	25,653,978	29,960,670

8. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4,843,689	(3,665,703)	1,177,986	4,843,689	(2,724,489)	2,119,200
Intangible assets under development	1,035,000	-	1,035,000	1,035,000	-	1,035,000
Total	5,878,689	(3,665,703)	2,212,986	5,878,689	(2,724,489)	3,154,200

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8. Intangible assets (continued)

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	2,119,200	(941,214)	1,177,986
Intangible assets under development	1,035,000	-	1,035,000
	3,154,200	(941,214)	2,212,986

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	608,263	1,955,375	(444,438)	2,119,200
Intangible assets under development	1,035,000	-	-	1,035,000
	1,643,263	1,955,375	(444,438)	3,154,200

Other information

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality

Intangible assets under development include a GIS software that was work-in-progress as at year end.

No intangible assets were pledged as security for liabilities

9. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	209,500	-	209,500	209,500	-	209,500

Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	209,500	209,500

Reconciliation of investment property - 2017

	Opening balance	Transfers	Total
Investment property	1,251,500	(1,042,000)	209,500

Details of valuation

Investment properties was valued by Landdata Valuations (pty) Ltd an independent professional valuer with registration number 1988/001677/07. The Municipal Valuer has experience of properties within the jurisdiction of Makhuduthamaga Local Municipality. The valuation was based on an open market value for existing use:

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9. Investment property (continued)

Details of property

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. No revenue was earned from the investment property as the property is vacant land held for long term capital appreciation

No investment property was pledged as security for liabilities

10. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	235,000	-	235,000	235,000	-	235,000
Buildings	41,060,160	(9,372,153)	31,688,007	41,740,243	(7,833,091)	33,907,152
Furniture and fixtures	4,441,773	(2,806,061)	1,635,712	3,671,641	(2,419,433)	1,252,208
Motor vehicles	32,234,707	(12,880,036)	19,354,671	28,693,226	(8,897,395)	19,795,831
Office equipment	1,632,133	(1,390,040)	242,093	1,619,148	(1,250,096)	369,052
IT equipment	16,974,914	(8,362,578)	8,612,336	11,305,577	(5,735,937)	5,569,640
Infrastructure	282,883,155	(77,184,085)	205,699,070	253,835,517	(61,525,403)	192,310,114
Loose tools	3,105,742	(2,050,196)	1,055,546	2,837,666	(1,622,383)	1,215,283
Community Halls	5,412,521	(1,628,814)	3,783,707	4,732,438	(1,242,561)	3,489,877
Capital work in progress	18,893,774	-	18,893,774	34,193,593	-	34,193,593
Total	406,873,879	(115,673,963)	291,199,916	382,864,049	(90,526,299)	292,337,750

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Transfers (Cost)	Accumulated Disposal	Depreciation	Tranfers (Accumulated depreciation)	Total
Land	235,000	-	-	-	-	-	-	-	235,000
Buildings	33,907,152	-	-	-	(680,083)	-	(1,708,467)	169,405	31,688,007
Furniture and fixtures	1,252,208	770,132	-	-	-	-	(386,628)	-	1,635,712
Motor vehicles	19,795,831	3,541,481	-	-	-	-	(3,982,641)	-	19,354,671
Office equipment	369,052	12,985	-	-	-	-	(139,944)	-	242,093
IT equipment	5,569,640	5,720,937	(51,600)	-	-	18,669	(2,645,310)	-	8,612,336
Infrastructure	192,310,114	-	-	29,047,638	-	-	(15,658,682)	-	205,699,070
Loose tools	1,215,283	268,076	-	-	-	-	(427,813)	-	1,055,546
Community Halls	3,489,877	-	-	-	680,083	-	(216,848)	(169,405)	3,783,707
Capital work in progress	34,193,593	17,099,167	-	(32,398,986)	-	-	-	-	18,893,774
	292,337,750	27,412,778	(51,600)	(3,351,348)	-	18,669	(25,166,333)	-	291,199,916

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers received	Accumulated Depreciation (Disposal)	Depreciation	Impairment loss	Total
Land	235,000	-	-	-	-	-	-	235,000
Buildings	27,858,578	7,531,000	-	-	-	(1,482,426)	-	33,907,152
Furniture and fixtures	1,593,518	-	(21,580)	-	21,580	(341,310)	-	1,252,208
Motor vehicles	18,902,773	4,328,900	(3,313,855)	-	3,313,855	(3,435,842)	-	19,795,831
Office equipment	469,339	29,000	(46,879)	-	46,879	(129,287)	-	369,052
IT equipment	4,284,962	3,327,140	(772,837)	-	713,088	(1,668,416)	(314,297)	5,569,640
Infrastructure	185,728,718	764,500	-	19,574,172	-	(13,319,045)	(438,231)	192,310,114
Loose tools	739,828	781,662	-	-	-	(306,207)	-	1,215,283
Community Halls	1,047,574	3,655,000	-	-	-	(1,212,697)	-	3,489,877
Capital work in progress	13,822,562	40,188,892	(243,689)	(19,574,172)	-	-	-	34,193,593
	254,682,852	60,606,094	(4,398,840)	-	4,095,402	(21,895,230)	(752,528)	292,337,750

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.

No property, plant and equipment were pledged as security for liabilities.

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Figures in Rand	2018	2017
11. Payables from exchange transactions		
Trade payables	32,857,653	39,826,708
Income received in advance	591,907	598,024
Creditor: Ward committee	13,201	13,201
Accruals	12,353,338	7,847,375
Unknown deposits	205,333	194,679
	46,021,432	48,479,987
12. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	6,008,890
DOE Grant (INEG)	1,723,165	102,473
	1,723,165	6,111,363
Movement during the year		
Balance at the beginning of the year	6,111,363	15,000,000
Amount paid back to National Treasury	(102,473)	(12,300,000)
Income recognition during the year	(6,008,890)	(2,700,000)
Roll Over Current Year	1,723,165	6,111,363
	1,723,165	6,111,363
<p>The municipality received an allocation of R 13 000 000 from Integrated National Electrification Grant in 2017/18 and managed to spend about 87% of the allocation. The R 1 723 165 of the total allocation wasn't spent as at 30 June 2018, an application was made to the national treasury to have the unspent amount rolled over to the 2018/19 financial year.</p> <p>The extent of government grants recognised in the statement of financial performance relates to the the portion of the grants where the conditions have been fulfilled.</p> <p>Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a liability in the statement of financial position.</p> <p>See note 15 for reconciliation of conditional grants</p>		
13. Defined benefit obligation		
Post Employment Medical Aid Benefits liability		
Post-employment Medical Aid Benefits		
	2,312,000	1,694,000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	1,694,000	1,584,000
Current service cost	309,000	263,000
Interest cost	188,000	170,000
Actuarial Loss/(Gain)	121,000	(323,000)
	2,312,000	1,694,000

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Figures in Rand	2018	2017
13. Defined benefit obligation (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	309,000	263,000
Interest cost	188,000	170,000
Actuarial (gains) losses	121,000	(323,000)
	618,000	110,000

Key assumptions used

Assumptions used at the reporting date:

	2018	2017
Expected retirement age	63	63

The nominal and real zero curves were used as at 30 June 2018 supplied by the JSE to determine the discounted rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we used the prevailing yield at the time of performing our calculations. The 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:

**The net effective discount rate is different for each relevant time period of the yield curves's various durations and therefore the net effective discount rate is based on the relationship between the yield curve based discount rate for each relevant time period and the yield curve based salary inflation for each relevant time period.

The Medical aid inflation rate was set with reference to the past relationship between the yield curve based and discount rate for each relevant time period and the yield curve based medical aid contribution inflation for each relevant time period.

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Figures in Rand	2018	2017		
13. Defined benefit obligation (continued)				
Long service awards				
Analysis of long service awards obligation				
Long Service Awards Liability				
Long service awards - Current Liability	80,894	92,774		
Long service awards - Non-current Liability	2,192,106	1,922,226		
	2,273,000	2,015,000		
Movements in the long service awards liability				
Opening balance	2,015,000	1,737,000		
Current service cost	294,000	278,000		
Interest cost	215,000	184,000		
Benefits paid	(103,793)	(91,623)		
Actual Loss/Gain	(147,207)	(92,377)		
	2,273,000	2,015,000		
Expense and income recognition in surplus for the year.				
Current service cost	294,000	278,000		
Interest cost	215,000	184,000		
Actuarial Loss/Gain	(147,207)	(92,377)		
	361,793	369,623		
Key assumptions used - Long service awards				
Long service benefits are awarded in a form of a number of leave days awarded once an employee has completed a certain number of years in service. We have converted the awarded leave days to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth. The table below contains a summary of the benefits:				
Average retirement age	2018	2017		
Expected retirement age	63	63		
Other assumptions				
A one percentage point change in the normal salary inflation assumption would have the following effect:				
	-1% Normal salary inflation	+1% Normal salary inflation		
Effect on the current service cost	294,000	360,000		
Effect on the interest cost	216,000	260,000		
Effect on defined benefit obligation	2,080,000	2,491,000		
	2,590,000	3,111,000		
Amounts for the current and previous years are as follows	2018	2017	2016	2015
Long service awards	2,273,000	2,015,000	1,737,000	1,300,000

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Figures in Rand	2018	2017
14. Revenue		
Rental of facilities and equipment	149,954	133,565
Licenses and permits	4,943,493	5,152,061
Gain on disposal of assets	-	1,019,832
Actuarial gain	26,207	415,377
Other income	924,880	785,629
Interest received	41,827,532	39,975,504
Property rates	37,707,750	37,889,871
Traffic fines	235,500	873,550
Government grants & subsidies	322,178,198	319,071,637
	407,993,514	405,317,026
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	149,954	133,565
Licences and permits	4,943,493	5,152,061
Gain on disposal of assets	-	1,019,832
Actuarial gain	26,207	415,377
Other income	924,880	785,629
Interests earned on Bank & Investment accounts	7,828,088	9,891,055
	13,872,622	17,397,519
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	37,707,750	37,889,871
Interest on outstanding debtors	33,999,444	30,084,449
Traffic fines	235,500	873,550
Transfer revenue		
Tranfers and subsidies	322,178,198	319,071,637
	394,120,892	387,919,507
15. Government grants and subsidies		
Operating grants		
Equitable share	233,388,473	225,143,000
Municipal Infrastructure Grant (MIG)	74,654,890	83,901,110
Finance Management Grant (FMG)	1,700,000	1,625,000
Integrated National Electrification Grant	11,276,835	6,897,527
EPWP Grant	1,158,000	1,505,000
	322,178,198	319,071,637
16. Interest received		
Interest revenue		
Bank and investments	7,828,088	9,891,055
Interest charged on trade and other receivables	33,999,444	30,084,449
	41,827,532	39,975,504

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Figures in Rand	2018	2017
17. Other income		
LG SETA, Building Plans	113,929	87,968
Tender Documents	810,951	697,661
	924,880	785,629
18. Property rates		
Rates received		
Commercial and State	-	37,889,871
Commercial	9,366,750	-
State	26,165,325	-
Agricultural	2,175,675	-
	37,707,750	37,889,871
Valuations		
Residential	22,640,000	22,640,000
Commercial	683,781,000	691,481,000
State	2,009,332,000	2,009,332,000
Municipal	28,730,000	28,730,000
Social	29,023,000	29,023,000
	2,773,506,000	2,781,206,000
<p>Valuations on land and buildings are performed every 4 years. The first general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions..</p> <p>The valuation used in the current year was implemented from 01 July 2016.</p>		
19. Actuarial gain		
Long Service Awards - Actuarial Gain (Loss)	147,207	92,377
Post Employment Medical Aid - Actuarial Gain (Loss)	(121,000)	323,000
	26,207	415,377
20. Traffic fines		
Traffic fines	235,500	873,550

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Figures in Rand	2018	2017
21. Employee related costs		
Basic	34,135,183	29,635,368
Bonus	2,720,443	2,280,340
Medical aid - company contributions	3,405,309	3,131,637
UIF	193,377	229,555
SDL	471,251	439,451
Leave pay provision charge	1,360,175	885,678
Pension contribution	6,236,899	5,630,754
Overtime payments	533,557	404,887
Post employment benefits costs	603,000	541,000
Car allowance	8,379,856	7,511,376
Housing benefits and allowances	2,598,010	2,488,209
Bargaining Council	103,986	-
Clothing allowance	9,416	11,634
Cellphone allowance	1,370,727	1,242,941
	62,121,189	54,432,830
Remuneration of municipal manager (Vacant)		
Annual Remuneration	-	922,000
Travel Allowance	-	14,827
Contribution to Medical Aid Scheme	-	116,099
Contribution to Pension Fund	-	131,394
Contribution to UIF	-	1,636
SDL	-	14,228
SALGBE	-	84
Leave payout	-	238,493
Acting allowance (Mr Moganedi R.M)	42,917	-
	42,917	1,438,761
Chief Financial Officer (Mr Moganedi R.M)		
Basic salary	521,102	434,590
Travel Allowance	173,589	144,499
Cellphone allowance	30,045	20,881
Housing allowance	69,279	53,805
Travel claims	23,833	16,573
Contributions to medical	58,116	49,830
Contributions to UIF	1,784	1,635
SDL	7,787	6,664
SALGBE	99	85
	885,634	728,562
Senior manager: Corporate services (Mr Matlala M.K) Contract ended on 31st January 2018		
Basic salary	388,591	619,681
Travel allowance	161,910	258,195
Cellphone allowance	24,946	39,734
Housing allowance	64,956	103,584
UIF	1,190	1,785
SALGBE	58	92

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Figures in Rand	2018	2017
21. Employee related costs (continued)		
SDL	7,965	9,695
Leave payout	188,507	-
Travel claims	7,986	-
Acting allowance (Mr Matsimela M.J)	72,058	-
	918,167	1,032,766

Mr Matsimela M.J did act as senior manager: corporate services for a period of six months during the current year.

Senior manager: Community services (Ms Marishane M.E)

Basic salary	40,682	-
Travel allowance	14,956	-
Cellphone allowance	2,000	-
Housing allowance	5,007	-
Travel claims	2,712	-
Pension contributions	4,360	-
UIF	149	-
SALGBE Levy	8	-
SDL	584	-
Acting allowance (Ms Marishane M.E)	59,956	-
Acting allowance (Ms Bapela B.M)	7,410	56,317
Acting allowance (Mr Segale M.A)	-	56,317
	137,824	112,634

The senior manager position for community services remained vacant for the eleven months of the 2017/18 financial year, appointment was made in later into the financial year after receiving the concurrence from the MEC of local government.

Ms Marishane M.E, Ms Bapela B.M and Mr Segale M.A all did act as senior manager: community services during the year.

Senior manager: Infrastructure development (Ms Komape M)

Basic salary	666,152	619,677
Travel allowance	217,278	194,832
Housing allowance	107,198	103,280
Contributions to Medical Aid Scheme	107,198	103,279
UIF	1,785	1,785
SALGBE	99	9,821
SDL	10,544	92
	1,110,254	1,032,766

Senior manager: Economic Development and Planning (Vacant)

Acting allowance (Ms Bapela B.M)	24,206	9,386
Acting allowance (Ms Mahlare M.A)	96,054	-
Acting allowance (Ms Segale M.A)	14,412	-
	134,672	9,386

Ms Bapela BM, Ms Mahlare M.A and Mr Segale M.A, all have acted as senior manager for Economic Development and Planning in different three month periods during the 2017/18 financial year. They all have been paid an acting allowance during that period.

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Figures in Rand	2018	2017
22. Remuneration and allowances of councillors		
Mayor	844,616	788,152
Council speaker	688,485	635,830
Executive Committee Members	4,049,505	4,482,889
Other councillors basic salary	8,932,337	8,055,298
Councillors pension contribution	1,701,859	1,392,238
Travel allowance	3,497,645	3,173,895
Travel claims	13,745	57,605
Cellphone allowance	2,095,668	1,159,306
Skills development levy	103,914	70,259
Data cards (61 councillors)	184,200	180,955
	22,111,974	19,996,427
Remuneration and allowances of selected members of the council		
Clr Maitula B.M		
Basic salary	507,395	468,913
Travel allowance	198,978	189,503
Cellphone allowance	40,800	22,800
Contributions to Pension Fund	89,540	83,213
SDL and Data card	7,903	7,341
	844,616	771,770
Remuneration and allowances for the council speaker Clr Tala M.A		
Basic salary	405,916	386,586
Travel allowance	162,973	151,603
Cellphone allowance	40,800	22,800
Contributions to Pension Fund	71,632	68,221
SDL and Data card	7,164	2,522
	688,485	631,732
Remuneration and allowances of members of the executive committee		
Basic salary	2,256,874	2,633,116
Travel allowance	885,049	1,039,954
Cellphone allowance	350,200	225,133
Pension Fund, Medical, SDL & data	448,739	460,835
Travel claims and Data card	108,644	21,118
	-	102,733
	4,049,506	4,482,889

The remuneration and allowances of the political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

The municipal council consists of 62 councilors and none of the councillors owe the municipality any amounts in a form of unpaid rates and taxes or any other services.

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22. Remuneration and allowances of councillors (continued)		
In-kind benefits		
The Mayor, Speaker of Council, Chief Whip of council, Head of Corporate Service Portfolio Committee, Head of Budget and Treasury Office Portfolio Committee, Head of Infrastructure Development Portfolio Committee and MPAC chairperson are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and the Speaker of Council each have use of separate Council owned vehicle for official duties.		
The Mayor has one full-time Chauffeur. The Speaker of council has one full-time Chauffeur.		
23. Administrative expenditure		
Administration Expenses	1,534,055	976,874
Council logistics	441,402	1,163,488
Special programmes (Mayor's office)	4,504,398	3,920,449
Outreach programmes (Mayor's office)	4,900,150	1,241,845
Ward committee incentives	3,649,000	2,854,400
Risk management programmes	537,798	767,718
Whippery Support	7,850	-
OHS - Hire Charges	1,003,175	-
	16,577,828	10,924,774
24. Depreciation and amortisation		
Property, plant and equipment	25,166,330	21,895,230
Intangible assets	941,214	444,438
	26,107,544	22,339,668
25. Impairment of assets		
Impairments		
Property, plant and equipment	-	752,528
The municipality has completed an asset verification process for the year ended 30 June 2018 and no assets were identified for any impairment as at year end. The impairment for prior year was for IT equipments, furniture and Infrastructure assets.		
Investment property	-	1,042,000
The municipality impaired Investment Property (Vacant Land held for long term capital appreciation) in the prior year. The land was invaded by residents with residential and business buildings. The Council has therefore taken a decision to impair the Investment Property. For the current year, there is not impairment on the Investment Property.		
	-	1,794,528
26. Finance Costs		
Interest on overdue account (Telkom and Eskom)	110	1,439
Interest cost: Employee benefit obligations	403,000	354,000
	403,110	355,439

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
27. Debt impairment		
Current year doubtful debts allowance	363,055,084	298,145,772
Less: Previous doubtful debts	(298,145,772)	(220,848,368)
Bad debts written off	999,220	-
	65,908,532	77,297,404
28. Repairs and maintenance		
Repairs and maintenance: Other assets	10,052,358	3,141,437
Repairs and maintenance: Infrastructure assets	30,757,089	34,222,497
	40,809,447	37,363,934
29. Contracted services		
Solid waste collection	23,653,586	7,340,053
Development of valuation roll	29,230	70,300
Cleaning services and security services	16,946,658	13,814,107
	40,629,474	21,224,460
30. Grants and subsidies paid		
Other subsidies		
Indigents grants (Free Basic Electricity)	4,685,022	4,309,604
31. Capital expenditure written-off (D Roads)		
Property Plant and Equipment	115,652,295	80,917,543

In terms of the General Notice 217 of 2014, ownership and jurisdiction of roads by municipality in Limpopo Province is listed in schedule B of the notice. The municipality has constructed roads under the ownership of Roads Agency Limpopo SOC Limited (RAL) in terms of the Notice during the year ended 30 June 2018 and 30 June 2017. The roads can not be capitalised and have been written off and a loss on disposal of capital expenditure was incurred to the amount of R 115 652 295 (2018) and R 80 917 543 (2017).

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Figures in Rand	2018	2017
32. General expenses		
Advertising	1,767,442	1,310,118
Bank charges	219,592	229,751
Consulting and professional fees	4,616,257	1,284,507
Entertainment	35,341	68,584
Insurance	288,465	265,809
IT operational expenses	860,000	2,394,102
Marketing	1,017,999	-
Promotions and sponsorships	7,362,469	3,516,650
Fleet Management & System	91,984	82,368
Lease rentals on operating lease	-	257,529
Fuel and oil	3,616,705	2,522,642
Printing and stationery	3,945,539	2,574,981
Protective clothing	-	443,936
Development of HR policies	-	174,584
Environmental care expenses	235,625	276,679
Telephone and fax	1,124,839	1,015,098
Training	7,720,281	5,107,048
Travel and accomodation	3,830,312	2,727,176
LED forum and summit	100,800	919,370
Spatial planning - demarcation of sites	1,906,877	2,107,526
Assets below R 2 500.00	-	51,596
Electricity	1,464,035	1,278,368
Formalisation of Jane Furse and land scaping expenses	1,224,200	918,000
Sitting allowance ex-officio	451,800	439,200
Publications	6,821,053	11,291,450
Audit committee support	479,493	425,645
Bursary fund	6,435,212	3,087,533
Legal costs and Development of by-laws	1,323,086	602,023
Customer care	-	298,960
Financial System support	4,435,455	142,529
Vehicle tracking	52,102	90,780
Stipent	227,180	63,181
Fencing of cemeteries	771,797	338,165
Disaster relief fund	2,086,127	412,368
Electricity Infrastructure: Expensed	10,143,925	6,050,462
EPWP	2,849,197	2,198,926
Implementation of mSCOA	-	484,427
Property valuations expenses	-	52,400
OHS support & Employee wellness	-	1,974,600
LUMS Roll-out	-	11,300
Performance management systems	-	440,000
Environmental campaigns	-	57,655
	77,505,189	57,988,026
33. Auditors' remuneration		
Current Year Audit fees	3,196,316	2,378,837
34. Rental of facilities and equipment		
Site rentals	149,954	133,565

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Figures in Rand	2018	2017
34. Rental of facilities and equipment (continued)		
The amount for site rentals is for the advertising billboards from Primedia around Makhuduthamaga municipal area.		
35. Operating lease		
The Municipality has entered in to an operating lease with ANAKA Group for Photocopier machines for a period of three years.		
The total future minimum operating lease payments payable under existing operating lease arrangements are categorised in the following categories;		
Within one year of the reporting date	922,152	-
More than one year but less than five years of the reporting date	1,014,367	-
	1,936,519	-
36. Cash (used in) generated from operations		
(Deficit) surplus	(67,727,494)	13,993,552
Adjustments for:		
Depreciation and amortisation	26,107,544	22,339,668
Gain on disposal of assets	13,083	(1,019,832)
Impairment deficit	-	1,794,528
Debt impairment	65,908,537	77,297,404
Current service cost - Post employment benefits & Long service awards	603,000	541,000
Interest costs - Post employment benefits & Long service awards	403,000	354,000
Actuarial gain - Post employment benefits & Long service awards	(26,207)	(415,377)
Long service awards paid	(103,793)	(91,623)
Changes in working capital:		
Inventories	24,039	1,431
Receivables from exchange transactions	1,130,858	(1,195,335)
Receivables from non exchange transactions	(64,677,512)	(60,458,093)
Payables from exchange transactions	(2,458,557)	17,562,044
VAT	4,306,692	(16,438,987)
Unspent conditional grants and receipts	(4,388,198)	(8,888,637)
	(40,885,008)	45,375,743
37. Loss on disposal of assets		
Disposals completed during the year		
Loss on disposal computer equipment (Two laptops were lost during the current year)	13,083	-

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Figures in Rand	2018	2017
38. Commitments		
Authorised operating and capital expenditure		
Operational Commitments		
• Approved and Contracted	41,339,963	21,393,197
Capital Commitments		
• Approved and Contracted	72,144,338	114,856,461

The municipality still has future commitments to service providers for services still to be rendered. The minimum payments still due to the service providers as at 30 June 2018 amount to R 72 144 338 for capital commitments and R 41 339 963 for Operational commitments.

39. Contingencies

Neldah Motshwene Vs Makhuduthamaga Municipality

1. Notice of motion was brought against the municipality as a result of a car accident caused by a pothole on road R 579. Summons were issued on 13/11/2016 in which Neldah Motshwene claims **R 18 886.72** in damages for the accident caused by the pothole and as at year end the matter was not settled. The municipality has appointed a firm of legal attorneys to oppose the motion.

2. A notice of motion was brought against the municipality as a result of a penalty that the municipality has imposed on a contractor, Masenya Construction for not completing construction work within the agreed time frames. The penalty amounted to R 175 551.17 of which is the amount that Masenya Construction is claiming from the municipality. As at year end the case wasn't yet completed and the municipality has appointed a firm of legal attorneys to oppose the motion.

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40. Related parties

	Basic Salary	Cellphone Allowance	Car Allowance	Pension,Medical, SDL,Data card & Travel Claims	Total
Cllr Maitula B.M (Mayor)	507,395	40,800	-	296,421	844,616
Cllr Tala M.A (Speaker)	405,916	40,800	3,790	237,979	688,485
Cllr Chego D.K(Chief Whip)	380,547	40,800	149,234	74,352	644,933
Cllr Mankge H.N	380,547	40,800	149,234	107,304	677,885
Cllr Malaka M.S	221,986	23,800	87,053	51,181	384,020
Cllr Mohlala M.J	380,547	40,800	149,234	78,497	649,078
Cllr Diketane S.P	372,901	40,800	146,235	103,736	663,672
Cllr Monakedi A.L	212,299	40,800	83,255	44,058	380,412
Cllr Maloma P.T	212,299	40,800	83,255	57,977	394,331
Cllr Mapheto M.T	212,299	40,800	83,255	42,970	379,324
Cllr Maisela K.R	212,299	40,800	83,255	76,942	413,296
Cllr Mamahlako P.M	37,913	14,868	9,633	7,957	70,371
Cllr Motseni N.L	160,572	40,800	62,969	39,389	303,730
Cllr Mapitsing T.J	160,572	40,800	62,969	40,635	304,976
Cllr Mabatane M.C	206,067	40,800	80,811	56,305	383,983
Cllr Mathume M.R	160,572	40,800	62,969	33,488	297,829
Cllr Dolamo M.F	160,572	40,800	62,969	37,447	301,788
Cllr Madihlaba M.G	160,572	40,800	62,969	36,072	300,413
Cllr Diale M.H	160,572	40,800	62,969	33,489	297,830
Cllr Thokwane M.J	160,572	40,800	62,969	33,489	297,830
Cllr Shikoane M.L	160,572	40,800	62,969	33,489	297,830
Cllr Mokomane M.L	206,067	40,800	80,811	41,827	369,505
Cllr Dieale K.E	206,067	40,800	80,811	48,497	376,175
Cllr Seboane T.M	160,572	40,800	62,969	33,489	297,830
Cllr Leshalabe M.M	206,067	40,800	80,811	49,394	377,072
Cllr Matjomane N.M	206,067	40,800	80,811	72,439	400,117
Cllr Lerobane M.P	212,299	40,800	83,255	53,209	389,563
Cllr Rankoe T.P	160,572	40,800	62,969	35,459	299,800
Cllr Thokwane K.Z	160,572	40,800	62,969	36,768	301,109
Cllr Mosoane E.M	160,572	40,800	62,969	56,523	320,864
Cllr Maduane K.A	160,572	40,800	62,969	37,417	301,758
Cllr Maleka K.J	160,572	40,800	62,969	33,489	297,830
Cllr Mahlase M.M	206,067	40,800	80,811	41,829	369,507
Cllr Nkadimeng L.R	160,572	40,800	62,969	33,489	297,830
Cllr Thamaga M.R	160,572	40,800	62,969	34,938	299,279
Cllr Morodi P.E	160,572	40,800	62,969	33,489	297,830
Cllr Maredi H.M	160,572	40,800	62,969	33,489	297,830
Cllr Marabele K.O	160,572	40,800	62,969	33,982	298,323
Cllr Maila M.J	160,572	40,800	62,969	33,489	297,830
Cllr Nkgadima M.R	160,572	40,800	62,969	34,001	298,342
Cllr Masemola M.S	160,572	40,800	62,969	38,003	302,344
Cllr Makobe P.A	160,572	40,800	62,969	33,489	297,830
Cllr Mashifane G.M	160,572	40,800	62,969	33,489	297,830
Cllr Moganedi B.E	160,572	40,800	62,969	33,489	297,830
Cllr Matseding M.L	160,572	40,800	62,969	41,104	305,445
Cllr Sekwati K.D	160,572	40,800	62,969	33,489	297,830
Cllr Mamushi F	160,572	40,800	62,969	33,489	297,830
Cllr Phala M.M	160,572	40,800	62,969	33,489	297,830
Cllr Leshaba T.R	160,572	40,800	62,969	34,217	298,558
Cllr Magashule M.E	160,572	40,800	62,969	33,489	297,830
Cllr Phala M	212,299	40,800	83,255	42,970	379,324

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Figures in Rand					2018	2017
40. Related parties (continued)						
Cllr Matsageng D.B	160,572	40,800	62,969	33,489	297,830	
Cllr Mothogwane D	160,572	40,800	62,969	33,489	297,830	
Cllr Komana M.L	160,572	40,800	62,969	33,489	297,830	
Cllr Maloma D.R	160,572	40,800	62,969	33,489	297,830	
Cllr Mogashoa N.A	160,572	40,800	62,969	33,489	297,830	
Cllr Shongwe B.E	160,572	40,800	62,969	33,489	297,830	
Cllr Madutlela K.K	160,572	40,800	62,969	33,489	297,830	
Cllr Phasha L.P	160,572	40,800	62,969	34,254	298,595	
Cllr Maitjie C.D	160,572	40,800	62,969	33,489	297,830	
Cllr Sebesho M.S	160,572	40,800	62,969	33,489	297,830	
Cllr Ranala S.T	160,572	40,800	62,969	33,489	297,830	
Cllr Makua S.S	160,572	40,800	62,969	35,231	299,572	
	12,102,544	2,527,468	4,386,476	3,095,486	22,111,974	

Remuneration per councilor(2017)	Basic Salary	Cellphone Allowance	Car Allowance	Pension,Medical, SDL,Data card & Travel Claims	Total
Cllr Maitula B.M (Mayor)	472,841	22,800	169,636	106,493	771,770
Cllr Chego D.K (Chief Whip)	362,425	22,800	142,128	84,453	611,806
Cllr Tala M.A (Speaker)	383,988	22,800	137,950	86,994	631,732
Cllr Mankge H.N	343,554	22,800	134,727	79,171	580,252
Cllr Malaka M.S	362,425	22,800	150,349	70,394	605,968
Cllr Mohlala M.J	344,990	22,800	135,290	67,183	570,263
Cllr Lerobane M.P	269,091	22,800	9,733	47,447	349,071
Cllr Phala M	178,746	20,348	70,097	38,787	307,978
Cllr Maisela K.R	200,282	22,800	78,542	71,984	373,608
Cllr Matjomane N.M	193,123	22,800	75,544	43,448	334,915
Cllr Diketane S.P	322,801	22,800	126,606	86,622	558,829
Cllr Rankoe T.P	172,677	22,800	67,852	40,151	303,480
Cllr Leshalabe M.M	187,249	22,800	73,431	38,218	321,698
Cllr Mapitsing T.J	151,483	22,800	59,405	32,362	266,050
Cllr Mabatane M.C	187,249	22,800	73,431	41,872	325,352
Cllr Mahlase M.M	187,524	22,800	73,539	38,270	322,133
Cllr Dieale K.E	191,687	22,800	75,171	41,806	331,464
Cllr Motseni N.L	156,195	22,800	61,253	38,563	278,811
Cllr Thokwane K.Z	151,483	22,800	59,405	33,079	266,767
Cllr Maloma P.T	178,746	20,348	70,097	36,217	305,408
Cllr Monakedi A.L	178,746	20,348	70,097	36,217	305,408
Cllr Mapheto M.T	178,746	20,348	70,097	36,217	305,408
Cllr Maredi H.M	135,194	20,348	53,018	28,237	236,797
Cllr Morodi P.E	135,194	20,348	53,018	28,237	236,797
Cllr Maleka K.J	135,194	20,348	53,018	28,237	236,797
Cllr Thamaga M.R	135,194	20,348	53,018	28,237	236,797
Cllr Nkadimeng L.R	135,194	20,348	53,018	28,237	236,797
Cllr Maduane K.A	131,937	21,626	54,997	32,311	240,871
Cllr Mosoane E.M	131,937	21,626	54,997	28,237	236,797
Cllr Seboane T.M	131,937	21,626	54,997	28,237	236,797
Cllr Marabele K.O	131,937	21,626	54,997	28,237	236,797
Cllr Maila M.J	131,937	21,626	54,997	28,237	236,797
Cllr Nkgadima M.R	131,937	21,626	54,997	28,237	236,797
Cllr Masemola M.S	131,937	21,626	54,997	28,237	236,797
Cllr Makobe P.A	131,937	21,626	54,997	28,237	236,797
Cllr Mashifane G.M	135,194	21,358	53,018	28,247	237,817
Cllr Moganedi B.E	135,194	20,348	53,018	28,237	236,797

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Figures in Rand				2018	2017
40. Related parties (continued)					
Cllr Matseding M.L	135,194	21,358	53,018	29,246	238,816
Cllr Sekwati K.D	135,194	20,348	53,018	29,712	238,272
Cllr Mamushi F	135,194	20,348	53,018	28,237	236,797
Cllr Phala M.M	135,194	20,348	53,018	28,237	236,797
Cllr Leshaba T.R	135,194	20,348	53,018	28,237	236,797
Cllr Magashule M.E	135,194	20,348	53,018	28,237	236,797
Cllr Matsageng D.B	135,194	20,348	53,018	28,237	236,797
Cllr Mothogoane D	135,194	20,348	53,018	28,237	236,797
Cllr Komana M.L	135,194	20,348	53,018	28,237	236,797
Cllr Maloma D.R	135,194	20,348	53,018	28,237	236,797
Cllr Mogashoa N.A	135,194	20,348	53,018	28,237	236,797
Cllr Shongwe B.E	135,194	20,348	53,018	28,237	236,797
Cllr Madutlela K.K	135,194	20,348	53,018	28,237	236,797
Cllr Phasha L.P	135,194	20,348	53,018	28,237	236,797
Cllr Maitjie C.D	135,194	20,348	53,018	28,237	236,797
Cllr Sebesho M.S	135,194	20,348	53,018	28,237	236,797
Cllr Ranala S.T	135,194	20,348	53,018	28,413	236,973
Cllr Makua S.S	135,194	20,348	53,018	28,237	236,797
Cllr Shikoane M.L	135,194	21,358	53,018	28,247	237,817
Cllr Diale M.H	135,194	20,348	53,018	28,237	236,797
Cllr Madihlaba M.G	135,194	20,348	53,018	28,237	236,797
Cllr Dolamo M.F	135,194	20,348	53,018	32,447	241,007
Cllr Mathume M.R	135,194	20,348	53,018	28,237	236,797
Cllr Thokoane M.J	151,483	22,800	59,405	31,657	265,345
Cllr Matlala M.A	54,024	2,244	20,377	7,927	84,572
Cllr Mokomane M.L	171,587	20,556	67,289	34,917	294,349
Cllr Nkadimeng S.P	22,391	2,452	8,445	3,544	36,832
Cllr Madiba M.F	22,391	2,452	8,445	3,544	36,832
Cllr Mosehla M.L	15,662	2,244	6,142	3,301	27,349
Cllr Maphanga T.D	17,021	2,452	6,388	2,701	28,562
Cllr Maapea R.S	17,021	2,452	6,388	2,701	28,562
Cllr Mashilo M.M	17,021	2,452	6,388	2,701	28,562
Cllr Sefoka N.M	17,021	2,452	6,388	2,701	28,562
Cllr Mndebele M.E	21,635	2,452	8,128	3,346	35,561
Cllr Mabitla L.P	17,021	2,452	6,388	2,701	28,562
Cllr Mohloba S.J	17,021	2,452	6,388	2,701	28,562
Cllr Seopela M.J	17,021	2,452	6,388	2,701	28,562
Cllr Selala M.J	17,021	2,452	6,388	2,701	28,562
Cllr Manchidi M.J	17,021	2,452	6,388	2,701	28,562
Cllr Lethuba M.P	21,843	2,452	8,198	3,348	35,841
Cllr Monakedi M.J	17,021	2,452	6,388	2,701	28,562
Cllr Maserumule M.O	40,517	2,452	15,283	6,052	64,304
Cllr Mohlala M.G	17,021	2,452	6,388	2,701	28,562
Cllr Madingoana R	17,021	2,452	6,388	2,701	28,562
Cllr Manganeng M.L	17,021	2,452	6,388	2,701	28,562
Cllr Boshielo T.J	17,021	2,452	6,388	2,701	28,562
Cllr Malaka M.J	17,021	2,452	6,388	2,701	28,562
Cllr Tshehla N.B	17,021	2,452	6,388	2,701	28,562
Cllr Manaleng M.J	17,021	2,452	6,388	2,701	28,562
Cllr Ntobeng M.M	17,021	2,452	6,388	2,701	28,562
Cllr Nkadimeng S.M	17,021	2,452	6,388	2,701	28,562
Cllr Makgoga N.H	17,021	2,452	6,388	2,701	28,562
Cllr Maleka B.P	17,021	2,452	6,387	2,701	28,561
Cllr Machaba M.G	17,021	2,452	6,387	2,701	28,561
Cllr Masemola J	16,115	2,452	6,387	2,701	27,655

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40. Related parties (continued)					
Cllr Mamogobo T.P	17,021	2,452	6,387	2,701	28,561
Cllr Marutla P.J	17,021	2,452	6,387	2,701	28,561
Cllr Manchidi M	17,021	2,452	6,387	2,701	28,561
Cllr Phogole M.I	17,021	2,452	6,387	2,701	28,561
Cllr Nkadimeng M.E	17,021	2,452	6,387	2,701	28,561
Cllr Masemola H.R	17,021	2,452	6,387	2,701	28,561
Cllr Mampane M.A	17,021	2,452	6,387	2,701	28,561
Cllr Kgaphola M.G	17,021	2,452	6,387	2,701	28,561
Cllr Seopela M.L.S	26,541	3,610	9,561	3,036	42,748
Cllr Matsekoleng N.R	35,032	5,032	13,451	6,264	59,779
Cllr Mokgwatjane D.M	26,810	3,854	10,227	4,802	45,693
Cllr Ramaila M.D.C	24,852	3,573	9,459	4,382	42,266
	11,628,880	1,430,455	4,457,323	2,479,769	19,996,427

[The municipality had a Memorandum Of Understanding (MOU) with Sekhukhune District Municipality for the operation and maintenance of Madibong Land fill site which belongs to the District municipality. The municipality spend R 23 653 586 for the operation and maintenance of the land fill site during the year ended 30 June 2018 and R 7 340 053 for 30 June 2017.

41. Prior period errors

The following prior period errors were discovered during the 2017/18 financial year. The errors were corrected retrospectively and the annual financial statements as at 30 June 2017 were restated accordingly.

The municipality discovered during the 2017/18 financial year that an amount of R 1 035 000 for the development of a GIS system was recognised as work in progress for the property, plant & equipment, a prior year adjustment has since been effected with the R 1 035 000 now being recognised retrospectively as work in progress for the intangible assets.

The municipality also discovered during the 2017/18 financial year that an amount of R 243 689 was erroneously included in the work in progress for the 2016/17 financial year. This amount was part of the capital expenditure incurred for Manganeng access bridge (D road), which was supposed to be expensed in the prior year, this error was only corrected during the current financial year.

Three invoices from SITA (Repairs & Manitenance- ICT) were erroneously not recognised as expenditure in the 2016/17 financial year. All the three invoices were received in the 2017/18 financial year dated before the 30th of June 2017. This error was corrected restrospectively in the 2017/18 financial year.

An invoice from Fidelity Security Group for R 3 160 was also ommited as expenditure in the 2016/17 financial year. This error was corrected retrospectively in the 2017/18 financial year.

A claim from Ms Manthata H.M, an audit committee member was received late in the 2017/18 financial year and was erroneously not recognised as expenditure in the 2016/17 financial year. This error was also corrected retrospectively in the current financial year.

An amount of R 1 035 000 was erroneously classified and recognised as Work-in-progress for Property, Plant & Equipment in the 2016/17 financial year, this amount is for the intangible assets under development by the municipality. This error was corrected retrospectively in the 2017/18 financial year .

The municipality has community halls and a stadium to the value of R 3 655 000 that were not included in the asset register of the municipality. The accumulated depreciation for the assets as at 30 June 2016 was R 1 032 400 and was adjusted to the retained earnings opening balance and the depreciation for 30 June 2017 amounted to R 146 200 and for 30 June 2018 amounted to R 146 200. The error was corrected retrocpectively in the financial statements of the municipality for the year ended 30 June 2018.

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41. Prior period errors (continued)

Statement of financial position

(Decrease)/Increase in Property, plant and equipment (WIP)	-	(243,689)
(Decrease)/Increase in Property, plant & equipment(WIP)	-	(1,035,000)
(Decrease)/Increase in Intangible Assets(WIP)	-	1,035,000
(Decrease)/Increase in Property, plant & equipment	2,339,200	2,485,400
(Decrease)/Increase in Accumulated depreciation	1,315,800	1,169,600

Statement of Financial Performance

(Decrease)/Increase Capital expenditure written off (D Roads)	-	243,689
(Decrease)/Increase Repairs & Maintenance - ICT	-	33,872
(Decrease)/Increase Contracted Services	-	3,160
(Decrease)/Increase Audit Committee Support	-	5,402
(Decrease)/Increase in depreciation	146,200	146,200

42. Risk management

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.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with credible banking institutions and limits exposure to any one counter-party.

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

Financial instrument	2018	2017
Receivables from non-exchange transactions	331,226	1,562,250
Receivables from exchange transactions	908,325	2,039,183
Cash and Cash Equivalents	19,277,879	84,204,466
VAT Receivable	25,653,978	29,960,670
Maximum risk exposure	46,323,131	117,766,569

43. Events after the reporting date

The Municipal Council appointed Ms Rampedi M.N on the position of Municipal Manager s per resolution No.121 in May 2018. The concurrence from the MEC for CoGHSTA was received in June 2018 and the appoint letter was issued in June 2018. The Municipal Manager started on 01 July 2018, emmediately after year end before the reporting date.

44. Unauthorised expenditure

Opening balance	57,582,040	10,705,199
Current year	48,020,749	46,876,841
	105,602,789	57,582,040

The unauthorised expenditure for the current year includes an amount of R 39 760 656 for the impairment of receivables from non-exchange transactions. The municipality has materially impaired the debtors to account for the non payment of accounts by both the businesses and government departments. The amount also includes an amount of R 2 199 546 incurred as expenditure on repairs and maintenance of the municipality's IT infrastructure. The balance of R 3 631 290 is the actual expenditure incurred in excess of the budgeted expenditure amount on collection of the VAT refunds from SARS. The balance of R 2 429 656 is for the actual depreciation amount recognised in the statement of financial performance in excess of the budgeted depreciation expenditure amount for the 2017/18 financial year.

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45. Fruitless and wasteful expenditure

Opening balance	507,026	505,587
Additions during the year	64,862	1,439
	571,888	507,026

The municipality has incurred, for the financial year ended 30 June 2018 an amount of **R 64 862** in a form of fruitless and wasteful expenditure. The reported expenditure comprises of the interest amounts charged on overdue Telkom account for **R 109.63** and penalties on late payments to the department of labour for **R 64 752.68** for the late payment of COID.

The opening balance for the fruitless and wasteful expenditure, was submitted to council which referred the matter to MPAC for investigation. As at year end and the reporting date, the expenditure was still under investigation and no disciplinary action were taken against any person as the matter was not concluded and supported by a council resolution and MPAC reports

46. Irregular expenditure

Opening balance	74,901,408	64,013,351
Add: Irregular Expenditure - current year	-	10,888,057
	74,901,408	74,901,408

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47. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net (deficit) surplus per the statement of financial performance	(67,727,494)	13,993,552
Adjusted for:		
Investment revenue - under collection/(over collection)	(2,249,629)	333,472
Transfers recognised - under collection/(over collection)	1,693,802	3,391,363
Other own revenue - under collection/(over collection)	1,160,710	(6,909,919)
Depreciation - over spending/(under spending)	3,260,070	5,896,269
Employee related costs - over spending/(under spending)	(7,513,959)	(8,679,437)
Remuneration of councillors - over spending/(under spending)	72,090	(795,916)
Contracted services - over spending/(under spending)	(73,025,090)	2,186,117
Gain of disposal of assets -(not budgtd for)	-	(1,019,832)
Debt impairment - over spending/(under spending)	39,760,656	45,880,000
Actuarial gains and revaluation surplus - (not budgeted for)	(26,207)	(415,377)
Other expenditure - over spending/(under spending)	188,301,760	76,325,074
Loss on disposal of assets	13,083	-
Net surplus per approved budget	83,719,792	130,185,366

48. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Amount paid - current year	(3,196,316)	(2,378,837)
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PAYE and UIF

Current year subscription / fee	12,213,871	10,823,451
Amount paid - current year	(12,213,871)	(10,823,451)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	9,449,346	8,631,000
Amount paid - current year	(9,449,346)	(8,631,000)
	-	-

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Council of the municipality. The expenses incurred as listed hereunder have been approved.

Incident

Deviation as per section 36(1)(a)(i) of the SCM regulation	169,248	193,732
Deviation as per section 36(1)(v) of the SCM regulation	4,388,605	1,173,745
Deviation as per section 21(1)(c) of the SCM regulation	3,403,901	606,219
	7,961,754	1,973,696

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49. Non-compliance with the MFMA and municipal investment policy

Investment with VBS (3 Months)	30,000,000	-
Investment with VBS (6 Months)	30,000,000	-
	60,000,000	-

The municipality invested an amount of R 30 000 000 for a period of 3 months and another R 30 million for a period of six months with VBS Mutual Bank during the 2017/18 financial year. Both investments constitute non-compliance with the municipal investment policy, section 13 of the MFMA and Regulation 6 of the Municipal investment regulations as issued by the National Treasury because the bank is not registered in terms of the Bank's act. The capital amounts for investments and all interest amounts earned for the two investments were paid back in full to the municipality as at year end. The Limpopo provincial treasury has appointed a forensic investigator to investigate the investments made with the VBS bank and all disciplinary actions will only be taken after the recommendations of the investigation are received.

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Analysis of property, plant and equipment as at 30 June 2018
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers from WIP	Transfers (Cost)	Donations received.	Closing Balance	Opening Balance	Disposals	Transfers (Accumulated depreciation)	Depreciation	Accumulated Disposal	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings														
Land	235,000	-	-	-	-	-	235,000	-	-	-	-	-	-	235,000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	41,740,243	-	-	-	(680,083)	-	41,060,160	(7,833,091)	-	169,406	(1,708,467)	-	(9,372,152)	31,688,008
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	41,975,243	-	-	-	(680,083)	-	41,295,160	(7,833,091)	-	169,406	(1,708,467)	-	(9,372,152)	31,923,008
Infrastructure														
Roads, Pavements & Bridges	248,063,601	-	-	29,047,638	-	-	277,111,239	(58,897,926)	-	-	(15,258,512)	-	(74,156,438)	202,954,801
WIP (Infrastructure)	34,193,593	17,099,167	-	(32,398,986)	-	-	18,893,774	-	-	-	-	-	-	18,893,774
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting and high masts	5,771,916	-	-	-	-	-	5,771,916	(2,627,477)	-	-	(400,169)	-	(3,027,646)	2,744,270
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	288,029,110	17,099,167	-	(3,351,348)	-	-	301,776,929	(61,525,403)	-	-	(15,658,681)	-	(77,184,084)	224,592,845
Community Assets														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Analysis of property, plant and equipment as at 30 June 2018
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers from WIP	Transfers (Cost)	Donations received.	Closing Balance	Opening Balance	Disposals	Transfers (Accumulated depreciation)	Depreciation	Accumulated Disposal	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	28,693,225	3,541,481	-	-	-	-	32,234,706	(8,897,394)	-	-	(3,982,644)	-	(12,880,038)	19,354,668
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	11,305,578	5,720,937	(51,600)	-	-	-	16,974,915	(5,735,937)	23,607	-	(2,650,248)	-	(8,362,578)	8,612,337
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	3,671,640	770,132	-	-	-	-	4,441,772	(2,419,432)	-	-	(386,628)	-	(2,806,060)	1,635,712
Office Equipment	1,619,148	12,985	-	-	-	-	1,632,133	(1,250,096)	-	-	(139,944)	-	(1,390,040)	242,093
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Market stalls	4,732,438	4,130,000	-	680,083	(4,130,000)	-	5,412,521	(72,961)	-	(169,406)	(1,386,447)	-	(1,628,814)	3,783,707
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loose tools	2,837,666	268,076	-	-	-	-	3,105,742	(1,622,383)	-	-	(427,813)	-	(2,050,196)	1,055,546
	52,859,695	14,443,611	(51,600)	680,083	(4,130,000)	-	63,801,789	(19,998,203)	23,607	(169,406)	(8,973,724)	-	(29,117,726)	34,684,063

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Analysis of property, plant and equipment as at 30 June 2018
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers from WIP	Transfers (Cost)	Donations received.	Closing Balance	Opening Balance	Disposals	Transfers (Accumulated depreciation)	Depreciation	Accumulated Disposal	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment														
Land and buildings	41,975,243	-	-	-	(680,083)	-	41,295,160	(7,833,091)	-	169,406	(1,708,467)	-	(9,372,152)	31,923,008
Infrastructure	288,029,110	17,099,167	-	(3,351,348)	-	-	301,776,929	(61,525,403)	-	-	(15,658,681)	-	(77,184,084)	224,592,845
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	52,859,695	14,443,611	(51,600)	680,083	(4,130,000)	-	63,801,789	(19,998,203)	23,607	(169,406)	(8,973,724)	-	(29,117,726)	34,684,063
	382,864,048	31,542,778	(51,600)	(2,671,265)	(4,810,083)	-	406,873,878	(89,356,697)	23,607	-	(26,340,872)	-	(115,673,962)	291,199,916
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Intangible assets under development (WIP)	1,035,000	-	-	-	-	-	1,035,000	-	-	-	-	-	-	1,035,000
Computers - software & programming	4,843,689	-	-	-	-	-	4,843,689	(2,724,489)	-	-	(941,214)	-	(3,665,703)	1,177,986
	5,878,689	-	-	-	-	-	5,878,689	(2,724,489)	-	-	(941,214)	-	(3,665,703)	2,212,986
Investment properties														
Investment property	94,500	-	-	-	-	-	94,500	115,000	-	-	-	-	115,000	209,500
	94,500	-	-	-	-	-	94,500	115,000	-	-	-	-	115,000	209,500
Total														
Land and buildings	41,975,243	-	-	-	(680,083)	-	41,295,160	(7,833,091)	-	169,406	(1,708,467)	-	(9,372,152)	31,923,008
Infrastructure	288,029,110	17,099,167	-	(3,351,348)	-	-	301,776,929	(61,525,403)	-	-	(15,658,681)	-	(77,184,084)	224,592,845
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	52,859,695	14,443,611	(51,600)	680,083	(4,130,000)	-	63,801,789	(19,998,203)	23,607	(169,406)	(8,973,724)	-	(29,117,726)	34,684,063
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	5,878,689	-	-	-	-	-	5,878,689	(2,724,489)	-	-	(941,214)	-	(3,665,703)	2,212,986
Investment properties	94,500	-	-	-	-	-	94,500	115,000	-	-	-	-	115,000	209,500
	388,837,237	31,542,778	(51,600)	(2,671,265)	(4,810,083)	-	412,847,067	(91,966,186)	23,607	-	(27,282,086)	-	(119,224,665)	293,622,402

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Analysis of property, plant and equipment as at 30 June 2017
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers(Cost)	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Transfers(Accumulated surplus)	Impairment loss	Depreciation	Accumulated Disposal	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings														
Land	235,000	-	-	-	-	-	235,000	-	-	-	-	-	-	235,000
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	34,209,243	7,531,000	-	(680,083)	-	-	41,060,160	(6,350,665)	169,405	-	(1,482,426)	-	(7,663,686)	33,396,474
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	34,444,243	7,531,000	-	(680,083)	-	-	41,295,160	(6,350,665)	169,405	-	(1,482,426)	-	(7,663,686)	33,631,474
Infrastructure														
Roads, Pavements & Bridges	227,724,930	764,500	-	19,574,172	-	-	248,063,602	(45,140,650)	-	(438,231)	(13,319,046)	-	(58,897,927)	189,165,675
Work In Progress	13,822,562	40,188,892	(243,689)	(19,574,172)	-	-	34,193,593	-	-	-	-	-	-	34,193,593
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting and high masts	5,771,916	-	-	-	-	-	5,771,916	(2,244,217)	-	-	(383,260)	-	(2,627,477)	3,144,439
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	247,319,408	40,953,392	(243,689)	-	-	-	288,029,111	(47,384,867)	-	(438,231)	(13,702,306)	-	(61,525,404)	226,503,707
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Analysis of property, plant and equipment as at 30 June 2017
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers(Cost)	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Transfers(Accumulated surplus)	Impairment loss	Depreciation	Accumulated Disposal	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	27,678,180	4,328,900	(3,313,855)	-	-	-	28,693,225	(8,775,407)	-	-	(3,435,842)	3,313,855	(8,897,394)	19,795,831
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	8,751,274	3,327,141	(772,837)	-	-	-	11,305,578	(4,466,312)	-	(314,297)	(1,668,416)	713,088	(5,735,937)	5,569,641
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	3,693,220	-	(21,580)	-	-	-	3,671,640	(2,099,702)	-	-	(341,310)	21,580	(2,419,432)	1,252,208
Office Equipment	1,637,027	29,000	(46,879)	-	-	-	1,619,148	(1,167,688)	-	-	(129,287)	46,879	(1,250,096)	369,052
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community assets	4,490,071	90,071	680,083	-	-	-	5,260,225	(957,098)	(169,405)	-	(43,097)	-	(1,169,600)	4,000,554
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loose tools	2,056,004	781,662	-	-	-	-	2,837,666	(1,316,176)	-	-	(306,207)	-	(1,622,383)	1,215,283
	48,305,776	8,556,774	(3,475,068)	-	-	-	53,387,482	(18,782,383)	(169,405)	(314,297)	(5,924,159)	4,095,402	(21,094,842)	32,202,569

Makhuduthamaga Local Municipality
Makhuduthamaga Local Municipality
Appendix B

June 2018

Analysis of property, plant and equipment as at 30 June 2017
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers(Cost)	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Transfers(Accumulated surplus)	Impairment loss	Depreciation	Accumulated Disposal	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment														
Land and buildings	34,444,243	7,531,000	-	(680,083)	-	-	41,295,160	(6,350,665)	169,405	-	(1,482,426)	-	(7,663,686)	33,631,474
Infrastructure	247,319,408	40,953,392	(243,689)	-	-	-	288,029,111	(47,384,867)	-	(438,231)	(13,702,306)	-	(61,525,404)	226,503,707
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	48,305,776	8,556,774	(3,475,068)	-	-	-	53,387,482	(18,782,383)	(169,405)	(314,297)	(5,924,159)	4,095,402	(21,094,842)	32,202,569
	330,069,427	57,041,166	(3,718,757)	(680,083)	-	-	382,711,753	(72,517,915)	-	(752,528)	(21,108,891)	4,095,402	(90,283,932)	292,337,750
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	2,888,314	1,955,375	-	-	-	-	4,843,689	(2,280,051)	-	-	(444,438)	-	(2,724,489)	2,119,200
Intangible assets under development (D Roads)	1,035,000	-	-	-	-	-	1,035,000	-	-	-	-	-	-	1,035,000
	3,923,314	1,955,375	-	-	-	-	5,878,689	(2,280,051)	-	-	(444,438)	-	(2,724,489)	3,154,200
Investment properties														
Investment property	1,136,500	-	-	(1,042,000)	-	-	94,500	115,000	-	-	-	-	115,000	209,500
	1,136,500	-	-	(1,042,000)	-	-	94,500	115,000	-	-	-	-	115,000	209,500
Total	335,129,241	58,996,541	(3,718,757)	(1,722,083)	-	-	388,684,942	(74,682,966)	-	(752,528)	(21,553,329)	4,095,402	(92,893,421)	295,701,450

Makhuduthamaga Local Municipality

Appendix C

June 2018

Segmental analysis of property, plant and equipment as at 30 June 2018

Cost/Revaluation							Accumulated Depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers (Cost) Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Accumulated Disposal Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Municipality

Executive & Council/Mayor and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance & Admin/Finance	83,529,361	8,722,674	-	680,083	(4,810,083)	-	88,122,035	(19,467,880)	-	(8,031,943)	-	(27,499,823)	60,622,212	
Corporate services	11,305,577	5,720,937	(51,600)	-	-	-	16,974,914	(5,735,937)	23,607	(2,650,248)	-	(8,362,578)	8,612,336	
Health/Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic Development & Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public Safety/Police	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	
Road Transport/Roads	282,257,194	17,099,167	-	(3,351,348)	-	-	296,005,013	(61,525,403)	-	(15,258,512)	-	(76,783,915)	219,221,098	
Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electricity /Electricity Distribution	5,771,916	-	-	-	-	-	5,771,916	(2,627,477)	-	(400,169)	-	(3,027,646)	2,744,270	
Other/Air Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	
	382,864,048	31,542,778	(51,600)	(2,671,265)	(4,810,083)	-	406,873,878	(89,356,697)	23,607	-	(26,340,872)	-	(115,673,962)	291,199,916

Total

Municipality	382,864,048	31,542,778	(51,600)	(2,671,265)	(4,810,083)	-	406,873,878	(89,356,697)	23,607	-	(26,340,872)	-	(115,673,962)	291,199,916
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	382,864,048	31,542,778	(51,600)	(2,671,265)	(4,810,083)	-	406,873,878	(89,356,697)	23,607	-	(26,340,872)	-	(115,673,962)	291,199,916

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2018**

	2018								2017						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	391,533,804	18,965,608	410,499,412	-		410,499,412	407,993,514		(2,505,898)	99 %	104 %				405,317,026
Executive and council	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Budget and treasury office	391,533,804	18,965,608	410,499,412	-		410,499,412	407,993,514		(2,505,898)	99 %	104 %				405,317,026
Corporate services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and public safety										DIV/0 %	DIV/0 %				
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Economic and environmental services										DIV/0 %	DIV/0 %				
Planning and development	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Trading services										DIV/0 %	DIV/0 %				
Electricity	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other										DIV/0 %	DIV/0 %				
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Standard	391,533,804	18,965,608	410,499,412	-		410,499,412	407,993,514		(2,505,898)	99 %	104 %				405,317,026

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2018**

	2018					2017					Restated Audited Outcome				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	189,445,960	21,950,239	211,396,199	-	-	211,396,199	249,560,376	-	38,164,177	118 %	132 %	-	-	-	221,459,558
Executive and council	62,802,527	14,646,435	77,448,962	-	-	77,448,962	68,617,944	-	(8,831,018)	89 %	109 %	-	-	-	56,506,403
Budget and Treasury	101,425,124	6,004,138	107,429,262	-	-	107,429,262	147,705,532	-	40,276,270	137 %	146 %	-	-	-	139,459,284
Corporate Services	25,218,309	1,299,666	26,517,975	-	-	26,517,975	33,236,900	-	6,718,925	125 %	132 %	-	-	-	25,493,871
Community and public safety	23,607,141	(5,072,378)	18,534,763	-	-	18,534,763	19,310,267	-	775,504	104 %	82 %	-	-	-	15,168,580
Community and social services	6,936,933	1,963,117	8,900,050	-	-	8,900,050	5,894,826	-	(3,005,224)	66 %	85 %	-	-	-	4,258,687
Sport and Recreation	3,134,713	-	3,134,713	-	-	3,134,713	2,137,323	-	(997,390)	68 %	68 %	-	-	-	1,125,165
Public safety	13,535,495	(13,535,495)	-	-	-	-	11,278,118	-	11,278,118	DIV/0 %	83 %	-	-	-	9,784,728
Housing	-	6,500,000	6,500,000	-	-	6,500,000	-	-	(6,500,000)	-	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	35,739,911	52,054,512	87,794,423	-	-	87,794,423	189,008,254	-	101,213,831	215 %	529 %	-	-	-	139,138,080
Planning and development	13,456,954	2,759,088	16,216,042	-	-	16,216,042	11,986,038	-	(4,230,004)	74 %	89 %	-	-	-	13,067,299
Road transport	22,282,957	24,395,424	46,678,381	-	-	46,678,381	153,368,631	-	106,690,250	329 %	688 %	-	-	-	118,730,728
Environmental protection	-	24,900,000	24,900,000	-	-	24,900,000	23,653,585	-	(1,246,415)	95 %	DIV/0 %	-	-	-	7,340,053
Trading services	20,023,540	(10,598,887)	9,424,653	-	-	9,424,653	17,690,388	-	8,265,735	188 %	88 %	-	-	-	14,387,656
Electricity	7,901,865	-	7,901,865	-	-	7,901,865	15,863,170	-	7,961,305	201 %	201 %	-	-	-	13,272,405
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	12,121,675	(10,598,887)	1,522,788	-	-	1,522,788	1,827,218	-	304,430	120 %	15 %	-	-	-	1,115,251
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	268,816,552	58,333,486	327,150,038	-	-	327,150,038	475,569,285	-	148,419,247	145 %	177 %	-	-	-	390,153,874
Surplus/(Deficit) for the year	122,717,252	(39,367,878)	83,349,374	-	-	83,349,374	(67,575,771)	-	(150,925,145)	(81)%	(55)%	-	-	-	15,163,152

Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2018

	2018											2017			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote															
Vote7 - Budget & Treasury	391,533,804	18,965,608	410,499,412	-		410,499,412	407,993,514		(2,505,898)	99 %	104 %				405,317,026
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue by Vote	391,533,804	18,965,608	410,499,412	-		410,499,412	407,993,514		(2,505,898)	99 %	104 %				405,317,026
Expenditure by Vote to be appropriated															
Vote1- Council	52,669,538	14,814,664	67,484,202	-	-	67,484,202	59,492,632	-	(7,991,570)	88 %	113 %	-	-	-	51,651,749
Vote2 - Office of the Municipal Manager	10,132,989	(168,229)	9,964,760	-	-	9,964,760	9,125,313	-	(839,447)	92 %	90 %	-	-	-	4,854,655
Vote3 - Economic Development and Planning	13,456,954	236,817	13,693,771	-	-	13,693,771	11,986,038	-	(1,707,733)	88 %	89 %	-	-	-	13,067,299
Vote4 - Infrastructure Development	30,184,822	19,882,200	50,067,022	-	-	50,067,022	169,231,799	-	119,164,777	338 %	561 %	-	-	-	132,003,132
Vote5 - Community Services	35,728,816	16,264,230	51,993,046	-	-	51,993,046	44,791,071	-	(7,201,975)	86 %	125 %	-	-	-	23,623,884
Vote6 - Corporate Services	25,218,309	1,299,666	26,517,975	-	-	26,517,975	33,236,900	-	6,718,925	125 %	132 %	-	-	-	25,493,871
Vote7 - Budget & Treasury	101,425,124	6,004,138	107,429,262	-	-	107,429,262	147,705,532	-	40,276,270	137 %	146 %	-	-	-	139,459,284
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure by Vote	268,816,552	58,333,486	327,150,038	-	-	327,150,038	475,569,285	-	148,419,247	145 %	177 %	-	-	-	390,153,874
Surplus/(Deficit) for the year	122,717,252	(39,367,878)	83,349,374	-		83,349,374	(67,575,771)		(150,925,145)	(81)%	(55)%				15,163,152

**Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2018**

	2018							2017							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates	38,840,991	(1,113,241)	37,727,750	-		37,727,750	37,707,750		(20,000)	100 %	97 %				37,889,871
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Actuarial gain	-	-	-	-		-	26,207		26,207	DIV/0 %	DIV/0 %				415,377
Rental of facilities and equipment	121,085	-	121,085	-		121,085	149,954		28,869	124 %	124 %				133,565
Interest earned - external investments	12,259,455	(3,231,052)	9,028,403	-		9,028,403	7,828,088		(1,200,315)	87 %	64 %				9,891,055
Interest earned - outstanding debtors	21,057,518	12,593,312	33,650,830	-		33,650,830	33,999,444		348,614	101 %	161 %				30,084,449
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Traffic Fines	631,800	(366,900)	264,900	-		264,900	253,150		(11,750)	96 %	40 %				873,550
Licences and permits	5,169,016	-	5,169,016	-		5,169,016	4,925,843		(243,173)	95 %	95 %				5,152,061
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	249,226,000	-	249,226,000	-		249,226,000	247,523,307		(1,702,693)	99 %	99 %				235,170,527
Other revenue	1,031,940	5,633,490	6,665,430	-		6,665,430	924,881		(5,740,549)	14 %	90 %				785,629
Fair value gains (Community assets)	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				1,019,832
Total Revenue (excluding capital transfers and contributions)	328,337,805	13,515,609	341,853,414	-		341,853,414	333,338,624		(8,514,790)	98 %	102 %				321,415,916

**Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2018**

	2018					2017					Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget					Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand					Rand
Expenditure By Type															
Employee related costs	72,815,287	(3,180,139)	69,635,148	-	-	69,635,148	62,121,189	-	(7,513,959)	89 %	85 %	-	-	-	54,432,830
Remuneration of councillors	22,039,884	-	22,039,884	-	-	22,039,884	22,111,974	-	72,090	100 %	100 %	-	-	-	19,996,427
Debt impairment	28,048,896	-	28,048,896	-	-	28,048,896	65,756,814	-	37,707,918	234 %	234 %	-	-	-	77,297,404
Depreciation & asset impairment	21,500,000	1,717,892	23,217,892	-	-	23,217,892	26,107,544	-	2,889,652	112 %	121 %	-	-	-	21,170,068
Finance charges	-	-	-	-	-	-	403,110	-	403,110	DIV/0 %	DIV/0 %	-	-	-	355,439
Impairment loss	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	1,794,528
Other materials	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	35,646,873	78,007,692	113,654,565	-	-	113,654,565	81,438,921	-	(32,215,644)	72 %	228 %	-	-	-	58,554,522
Transfers and grants	3,926,382	-	3,926,382	-	-	3,926,382	4,685,022	-	758,640	119 %	119 %	-	-	-	4,309,604
General expenditure	84,839,231	(18,211,958)	66,627,273	-	-	66,627,273	97,292,416	-	30,665,143	146 %	115 %	-	-	-	71,569,198
Loss on disposal of PPE	-	-	-	-	-	-	115,652,295	-	115,652,295	DIV/0 %	DIV/0 %	-	-	-	80,673,854
Total Expenditure	268,816,553	58,333,487	327,150,040	-	-	327,150,040	475,569,285	-	148,419,245	145 %	177 %	-	-	-	390,153,874
Surplus/(Deficit)	59,521,252	(44,817,878)	14,703,374	-	-	14,703,374	(142,230,661)	-	(156,934,035)	(967)%	(239)%	-	-	-	(68,737,958)
Transfers recognised - capital	63,196,000	5,450,000	68,646,000	-	-	68,646,000	74,654,890	-	6,008,890	109 %	118 %	-	-	-	83,901,110
0	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	122,717,252	(39,367,878)	83,349,374	-	-	83,349,374	(67,575,771)	-	(150,925,145)	(81)%	(55)%	-	-	-	15,163,152
Taxation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after taxation	122,717,252	(39,367,878)	83,349,374	-	-	83,349,374	(67,575,771)	-	(150,925,145)	(81)%	(55)%	-	-	-	15,163,152
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) attributable to municipality	122,717,252	(39,367,878)	83,349,374	-	-	83,349,374	(67,575,771)	-	(150,925,145)	(81)%	(55)%	-	-	-	15,163,152
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) for the year	122,717,252	(39,367,878)	83,349,374	-	-	83,349,374	(67,575,771)	-	(150,925,145)	(81)%	(55)%	-	-	-	15,163,152

**Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2018**

	2018										2017				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote4 - Infrastructure Development	113,461,811	18,497,788	131,959,599	-	-	131,959,599	136,178,924	-	4,219,325	103 %	120 %	-	-	-	114,695,658
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital multi-year expenditure sub-total	113,461,811	18,497,788	131,959,599	-	-	131,959,599	136,178,924	-	4,219,325	103 %	120 %	-	-	-	114,695,658
Single-year expenditure															
Vote1 - Executive and Council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote3 - Economic Development and Planning	2,000,000	(2,000,000)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	2,198,000
Vote4 - Infrastructure Development	13,000,000	-	13,000,000	-	-	13,000,000	10,143,925	-	(2,856,075)	78 %	78 %	-	-	-	6,897,527
Vote5 - Community Services	6,500,000	(1,200,000)	5,300,000	-	-	5,300,000	2,427,761	-	(2,872,239)	46 %	37 %	-	-	-	-
Vote6 - Corporate Services	5,000,000	500,000	5,500,000	-	-	5,500,000	5,462,618	-	(37,382)	99 %	109 %	-	-	-	3,327,140
Vote7 - Budget & Treasury	5,000,000	-	5,000,000	-	-	5,000,000	6,069,036	-	1,069,036	121 %	121 %	-	-	-	12,670,562
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	31,500,000	(2,700,000)	28,800,000	-	-	28,800,000	24,103,340	-	(4,696,660)	84 %	77 %	-	-	-	114,695,658
Total Capital Expenditure - Vote	144,961,811	15,797,788	160,759,599	-	-	160,759,599	160,282,264	-	(477,335)	100 %	111 %	-	-	-	229,391,316

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2018

	2018					2017					Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget					Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand					Rand
Capital Expenditure - Standard															
Governance and administration	10,000,000	500,000	10,500,000	-	-	10,500,000	11,531,654	-	1,031,654	110 %	115 %	-	-	-	18,195,702
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	2,198,000
Budget and treasury office	5,000,000	-	5,000,000	-	-	5,000,000	6,069,036	-	1,069,036	121 %	121 %	-	-	-	12,670,562
Corporate services	5,000,000	500,000	5,500,000	-	-	5,500,000	5,462,618	-	(37,382)	99 %	109 %	-	-	-	3,327,140
Community and public safety	1,200,000	(1,200,000)	-	-	-	-	186,280	-	186,280	DIV/0 %	16 %	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	1,200,000	(1,200,000)	-	-	-	-	186,280	-	186,280	DIV/0 %	16 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	115,461,811	16,497,788	131,959,599	-	-	131,959,599	136,178,923	-	4,219,324	103 %	118 %	-	-	-	115,955,658
Planning and development	2,000,000	(2,000,000)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	1,260,000
Road transport	113,461,811	18,497,788	131,959,599	-	-	131,959,599	136,178,923	-	4,219,324	103 %	120 %	-	-	-	114,695,658
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	18,300,000	-	18,300,000	-	-	18,300,000	12,385,407	-	(5,914,593)	68 %	68 %	-	-	-	6,897,527
Electricity	13,000,000	-	13,000,000	-	-	13,000,000	10,143,925	-	(2,856,075)	78 %	78 %	-	-	-	6,897,527
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	5,300,000	-	5,300,000	-	-	5,300,000	2,241,482	-	(3,058,518)	42 %	42 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	144,961,811	15,797,788	160,759,599	-	-	160,759,599	160,282,264	-	(477,335)	100 %	111 %	-	-	-	141,048,887
Funded by:															
National Government	144,961,811	15,797,788	160,759,599	-		160,759,599	160,282,264		(477,335)	100 %	111 %				141,048,887
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Equitable Share	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	144,961,811	15,797,788	160,759,599	-		160,759,599	160,282,264		(477,335)	100 %	111 %				141,048,887
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Cash Backed Reserves	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Capital Funding	144,961,811	15,797,788	160,759,599	-		160,759,599	160,282,264		(477,335)	100 %	111 %				141,048,887

Makhuduthamaga Local Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2018

2018

2017

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	25,244,796	-	25,244,796	25,244,796	7,265,182	(17,979,614)	29 %	29 %	8,389,776
Government - operating	236,226,000	-	236,226,000	236,226,000	240,532,198	4,306,198	102 %	102 %	215,973,000
Government - capital	76,196,000	5,450,000	81,646,000	81,646,000	77,257,802	(4,388,198)	95 %	101 %	94,210,000
Interest	12,259,455	(3,231,000)	9,028,455	9,028,455	8,749,002	(279,453)	97 %	71 %	8,989,062
Cash received from consumers and other sources of revenue	26,380,759	34,585,115	60,965,874	60,965,874	6,228,271	(54,737,603)	10 %	24 %	5,777,914
Payments									
Suppliers and employees	(219,267,656)	(56,615,594)	(275,883,250)	(275,883,250)	(380,917,463)	(105,034,213)	138 %	174 %	(287,962,570)
Finance charges	-	-	-	-	-	-	DIV/0 %	DIV/0 %	(1,439)
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	157,039,354	(19,811,479)	137,227,875	137,227,875	(40,885,008)	(178,112,883)	(30)%	(26)%	45,375,743
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	(144,961,811)	(15,797,788)	(160,759,599)	(160,759,599)	(24,061,430)	136,698,169	15 %	17 %	(56,707,407)
Proceeds from sale of Investment Property	-	-	-	-	19,851	19,851	DIV/0 %	DIV/0 %	1,079,587
Purchase of other intangible assets	-	-	-	-	-	-	DIV/0 %	DIV/0 %	(1,955,375)
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Capital assets	-	-	-	-	-	-	DIV/0 %	DIV/0 %	(58,906,469)
Net cash flow from/used investing activities	(144,961,811)	(15,797,788)	(160,759,599)	(160,759,599)	(24,041,579)	136,718,020	15 %	17 %	(116,489,664)
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of finance lease	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net increase/(decrease) in cash held	12,077,543	(35,609,267)	(23,531,724)	(23,531,724)	(64,926,587)	(41,394,863)	276 %	(538)%	(71,113,921)
Cash/cash equivalents at the year begin:					84,204,466				96,411,918
Cash/cash equivalents at the year end:	12,077,543	(35,609,267)	(23,531,724)	(23,531,724)	19,277,879	(41,394,863)	(82)%	160 %	