Ubuntu Municipality

menswaardigheid • hoop • erfenis
ubuntu • ithemba • izithethe
humanity • hope • heritage

Ubuntu Local Municipality
Financial statements
for the year ended 30 June 2016
Office of the Auditor General of South Africa

General Information

Nature of business and principal activities	Ubuntu is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996)
Mayoral committee	
Executive Mayor	Cllr KJ Rigard
Councillors	Cllr KJ Arens
	Cllr A Verwey
	Cllr JC Pieterse
	Cllr CC Jantjies
	Cllr BJ Bruwer
	Cllr SC Jordaan
	Cllr KV De Bruin
Accounting Officer	Mr X Malgas
Registered office	78 Church Street Victoria West 7070
Bankers	First National Bank
Auditors	Office of the Auditor General of South Africa
Attorneys	Lionel Trichart and Associates Attorneys

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Abbreviations

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
IMFO	Institute of Municipal Finance 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)

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 is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements and are given unrestricted access to all financial records and related data.

The 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.

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

The accounting officer acknowledges that he 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 officer to meet these responsibilities, the accounting officer sets 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 may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 4 to 52, which have been prepared on the going concern basis, were approved by the on 31 August 2016 and were signed on its behalf by:

1/9/16

Mr X Malgas
Accounting Officer

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Inventories	12	10 906	10 906
Operating lease asset	8	22 415	44 308
Receivables from exchange transactions	13	991 939	-
Receivables from non-exchange transactions	14	37 218 921	26 508 802
Consumer debtors	15	2 770 783	4 236 588
Cash and cash equivalents	16	3 419 240	4 121 630
		44 434 204	**34 922 234**
Non-Current Assets			
Biological assets that form part of an agricultural activity	3	167 800	167 800
Investment property	4	23 110 754	23 135 337
Property, plant and equipment	5	123 161 313	132 014 586
Intangible assets	6	3 562	7 961
Capitalised Restoration Cost	10	375 706	375 706
		146 819 135	**155 701 390**
Total Assets		**191 253 339**	**190 623 624**
Liabilities			
Current Liabilities			
Other financial liabilities	20	(303 641)	(303 641)
Finance lease obligation	18	(94 227)	(266 357)
Payables from exchange transactions	22	(26 735 000)	(24 583 848)
VAT payable	23	(2 242 180)	(1 859 833)
Consumer deposits	24	(241 572)	(229 248)
Unspent conditional grants and receipts	19	(9 976 981)	(10 526 226)
Provisions	21	(3 090 530)	(2 809 286)
Bank overdraft	16	(5 913 346)	(1 983 222)
		(48 597 477)	**(42 561 661)**
Non-Current Liabilities			
Other financial liabilities	20	(252 462)	(498 978)
Finance lease obligation	18	-	(94 227)
Employee benefit obligation	9	(6 092 473)	(6 592 839)
Provisions	21	(2 221 990)	(2 230 915)
		(8 566 925)	**(9 416 959)**
Total Liabilities		**(57 164 402)**	**(51 978 620)**
Net Assets		**134 088 937**	**138 645 004**
Accumulated surplus	17	(134 088 942)	(138 645 004)

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Revenue from exchange transactions			
Service charges	26	17 067 080	20 355 550
Rental of facilities and equipment	27	262 781	334 266
Interest received (trading)		3 526 919	2 652 986
Agency services		3 692	4 950
Licences and permits		627 652	784 410
Third party payments		67	165 773
Other income	28	284 284	738 286
Interest received - investment	29	261 165	248 815
Total revenue from exchange transactions		**22 033 640**	**25 285 036**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	9 435 379	6 002 211
Transfer revenue			
Government grants & subsidies	31	32 467 928	39 025 315
Fines, Penalties and Forfeits		749 939	49 370 974
Total revenue from non-exchange transactions		**42 653 246**	**94 398 500**
Total revenue	25	**64 686 886**	**119 683 536**
Expenditure			
Employee related costs	32	(25 988 268)	(27 127 082)
Remuneration of councillors	33	(2 747 656)	(2 520 356)
Depreciation and amortisation	34	(11 133 810)	(6 116 296)
Impairment loss/ Reversal of impairments	35	-	(45 477 419)
Finance costs	36	(2 003 693)	(1 490 543)
Repairs and maintenance		(1 537 265)	(1 452 181)
Bulk purchases	37	(13 549 340)	(13 573 923)
Contracted services	38	-	(4 854 556)
General Expenses	39	(13 235 291)	(9 269 175)
Total expenditure		**(70 195 323)**	**(111 881 531)**
Operating (deficit) surplus		**(5 508 437)**	**7 802 005**
Gain on disposal of assets and liabilities		-	26 500
Fair value adjustments	40	-	(39 830)
Actuarial gains/losses	9	952 375	750 337
		952 375	**737 007**
(Deficit) surplus for the year		**(4 556 062)**	**8 539 012**

Ubuntu Local Municipality

(Registration number NC 071)
Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2014	**130 105 992**	**130 105 992**
Changes in net assets		
Surplus for the year	8 539 012	8 539 012
Total changes	8 539 012	8 539 012
Balance at 01 July 2015	**138 645 004**	**138 645 004**
Changes in net assets		
Surplus for the year	(4 556 062)	(4 556 062)
Total changes	(4 556 062)	(4 556 062)
Balance at 30 June 2016	**134 088 942**	**134 088 942**

Note(s)

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Cash receipts from customers		21 026 419	27 389 814
Grants		40 411 170	42 155 386
Interest income		261 165	248 815
		61 698 754	69 794 015
Payments			
Employee costs		(28 002 671)	(29 307 943)
Suppliers		(33 560 471)	(26 712 340)
Finance costs		(1 770 134)	(1 446 057)
		(63 333 276)	(57 466 340)
Net cash flows from operating activities	42	**(1 634 522)**	**12 327 675**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2 251 554)	(11 190 707)
Proceeds from sale of property, plant and equipment	5	-	26 500
Purchase of capitalised restoration cost		-	(15 518)
Net cash flows from investing activities		**(2 251 554)**	**(11 179 725)**
Cash flows from financing activities			
Repayment of other financial liabilities		(246 516)	(227 883)
Finance lease payments		(499 916)	(287 999)
Net cash flows from financing activities		**(746 432)**	**(515 882)**
Net increase/(decrease) in cash and cash equivalents		**(4 632 508)**	**632 068**
Cash and cash equivalents at the beginning of the year		2 138 408	1 506 341
Cash and cash equivalents at the end of the year	16	**(2 494 100)**	**2 138 409**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	21 609 332	2 450 688	24 060 020	17 067 080	(6 992 940)	57
Rental of facilities and equipment	651 519	(651 519)	-	262 781	262 781	
Interest received (trading)	2 143 829	(2 143 829)	-	3 526 919	3 526 919	57
Agency services	14 292	(8 350)	5 942	3 692	(2 250)	
Licences and permits	385 775	(385 775)	-	627 652	627 652	57
Recoveries	297 754	(267 988)	29 766	67	(29 699)	
Other income 1	342 933	(283 284)	59 649	284 284	224 635	
Interest received - investment	452 586	(237 586)	215 000	261 165	46 165	
Total revenue from exchange transactions	**25 898 020**	**(1 527 643)**	**24 370 377**	**22 033 640**	**(2 336 737)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	8 110 000	35 842 000	43 952 000	9 435 379	(34 516 621)	57
Transfer revenue						
Government grants & subsidies	44 493 262	(44 493 262)	-	32 467 928	32 467 928	57
Fines, Penalties and Forfeits	22 560 600	(22 560 600)	-	749 939	749 939	57
Total revenue from non-exchange transactions	**75 163 862**	**(31 211 862)**	**43 952 000**	**42 653 246**	**(1 298 754)**	
Total revenue	**101 061 882**	**(32 739 505)**	**68 322 377**	**64 686 886**	**(3 635 491)**	
Expenditure						
Personnel	(44 002 551)	44 002 551	-	(25 988 268)	(25 988 268)	57
Remuneration of councillors	(3 081 078)	3 081 078	-	(2 747 656)	(2 747 656)	57
Administration	(3 700)	3 700	-	-	-	
Depreciation and amortisation	(7 128 144)	7 128 144	-	(11 133 810)	(11 133 810)	57
Impairment loss/ Reversal of impairments	(100 000)	100 000	-	-	-	
Finance costs	(418 600)	418 600	-	(2 003 693)	(2 003 693)	57
Repairs and maintenance	(2 074 670)	2 074 670	-	(1 537 265)	(1 537 265)	57
Bulk purchases	(12 467 492)	12 467 492	-	(13 549 340)	(13 549 340)	57
Contracted Services	(13 800 000)	13 800 000	-	-	-	
General Expenses	(15 274 950)	98 351 185	83 076 235	(13 235 291)	(96 311 526)	57
Total expenditure	**(98 351 185)**	**181 427 420**	**83 076 235**	**(70 195 323)**	**(153 271 558)**	
Operating deficit	**2 710 697**	**148 687 915**	**151 398 612**	**(5 508 437)**	**(156 907 049)**	
Gain on disposal of assets and liabilities	30 000	(30 000)	-	-	-	
Actuarial gains/losses	-	-	-	952 375	952 375	57
	30 000	**(30 000)**	-	**952 375**	**952 375**	
Deficit before taxation	**2 740 697**	**148 657 915**	**151 398 612**	**(4 556 062)**	**(155 954 674)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**2 740 697**	**148 657 915**	**151 398 612**	**(4 556 062)**	**(155 954 674)**	

Reconciliation

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	-	-	10 906	**10 906**	
Operating lease asset	-	-	-	22 415	**22 415**	
Receivables from non-exchange transactions	-	-	-	37 218 921	**37 218 921**	57
Consumer debtors	-	-	-	2 770 783	**2 770 783**	57
Cash and cash equivalents	-	-	-	3 419 240	**3 419 240**	57
	-	-	-	**43 442 265**	**43 442 265**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	-	-	-	167 800	**167 800**	
Investment property	-	-	-	23 110 754	**23 110 754**	57
Property, plant and equipment	-	-	-	123 161 313	**123 161 313**	57
Intangible assets	-	-	-	3 562	**3 562**	
Capitalised Restoration Cost	-	-	-	375 706	**375 706**	
	-	-	-	**146 819 135**	**146 819 135**	
Total Assets	-	-	-	**190 261 400**	**190 261 400**	
Liabilities						
Current Liabilities						
Other financial liabilities	-	-	-	303 641	**303 641**	
Finance lease obligation	-	-	-	94 227	**94 227**	
Payables from exchange transactions	-	-	-	26 735 000	**26 735 000**	57
VAT payable	-	-	-	2 242 180	**2 242 180**	57
Consumer deposits	-	-	-	241 572	**241 572**	
Unspent conditional grants and receipts	-	-	-	9 976 981	**9 976 981**	57
Provisions	-	-	-	3 090 530	**3 090 530**	57
Bank overdraft	-	-	-	5 913 346	**5 913 346**	57
	-	-	-	**48 597 477**	**48 597 477**	
Non-Current Liabilities						
Other financial liabilities	-	-	-	252 462	**252 462**	
Employee benefit obligation	-	-	-	6 092 473	**6 092 473**	57
Provisions	-	-	-	2 221 990	**2 221 990**	57
	-	-	-	**8 566 925**	**8 566 925**	
Total Liabilities	-	-	-	**57 164 402**	**57 164 402**	
Net Assets	-	-	-	**133 096 998**	**133 096 998**	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Reserves						
Accumulated surplus	-	-	-	133 096 998	**133 096 998**	12912

Ubuntu Local Municipality

(Registration number NC 071)
Financial Statements for the year ended 30 June 2016

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
2016											
Financial Performance											
Property rates	8 110 000	(8 110 000)	-	-		-	9 435 379		9 435 379	DIV/0 %	116 %
Service charges	21 609 332	(21 609 332)	-	-		-	17 067 080		17 067 080	DIV/0 %	79 %
Investment revenue	452 586	(452 586)	-	-		-	261 165		261 165	DIV/0 %	58 %
Transfers recognised - operational	34 227 262	(34 227 262)	-	-		-	32 467 928		32 467 928	DIV/0 %	95 %
Other own revenue	26 426 702	(26 426 702)	-	-		-	5 455 334		5 455 334	DIV/0 %	21 %
Total revenue (excluding capital transfers and contributions)	**90 825 882**	**(90 825 882)**	**-**	**-**		**-**	**64 686 886**		**64 686 886**	**DIV/0 %**	**71 %**
Employee costs	(44 002 551)	44 002 551	-	-	-	-	(25 988 268)	-	(25 988 268)	DIV/0 %	59 %
Remuneration of councillors	(3 081 078)	3 081 078	-	-	-	-	(2 747 656)	-	(2 747 656)	DIV/0 %	89 %
Depreciation and asset impairment	(7 228 144)	7 228 144	-			-	(11 133 810)	-	(11 133 810)	DIV/0 %	154 %
Finance charges	(418 600)	418 600	-	-	-	-	(2 003 693)	-	(2 003 693)	DIV/0 %	479 %
Materials and bulk purchases	(12 467 492)	12 467 492	-	-	-	-	(13 549 340)	-	(13 549 340)	DIV/0 %	109 %
Other expenditure	(31 153 320)	31 153 320	-	-	-	-	(14 772 556)	-	(14 772 556)	DIV/0 %	47 %
Total expenditure	**(98 351 185)**	**98 351 185**	**-**	**-**	**-**	**-**	**(70 195 323)**	**-**	**(70 195 323)**	**DIV/0 %**	**71 %**
Surplus/(Deficit)	**(7 525 303)**	**7 525 303**	**-**	**-**		**-**	**(5 508 437)**		**(5 508 437)**	**DIV/0 %**	**73 %**

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
Transfers recognised - capital	10 266 000	(10 266 000)	-	-		-	-		-	DIV/0 %	- %
Surplus (Deficit) after capital transfers and contributions	**2 740 697**	**(2 740 697)**	**-**	**-**		**-**	**(5 508 437)**		**(5 508 437)**	**DIV/0 %**	**(201)%**
Surplus/(Deficit) for the year	**2 740 697**	**(2 740 697)**	**-**	**-**		**-**	**(5 508 437)**		**(5 508 437)**	**DIV/0 %**	**(201)%**

Capital expenditure and funds sources

Total capital expenditure	-	-	-	-		-	139 041		139 041	DIV/0 %	DIV/0 %

Accounting Policies

1. Presentation of Financial Statements

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

These 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. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These 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 Biological assets that form part of an agricultural activity

The entity recognises a biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

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
- sale in the ordinary course of operations.

Property with a currently undetermined use is also classified as investment property.

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.

1.4 Investment property (continued)

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

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

Transfers are made from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for a subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	100 years

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.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

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.

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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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.

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	100
Plant and machinery	Straight line	4-10
Furniture and fixtures	Straight line	1-35
Motor vehicles	Straight line	5-44
Office equipment	Straight line	4-35
IT equipment	Straight line	5-12
Streets and stormwater	Straight line	10-120
Electricity infrastructure	Straight line	20-50
Cemetery	Straight line	23-25
Recreational facilities	Straight line	100
Landfill sites	Straight line	70
Other leased Assets # 1	Straight line	8-9
Wastewater network	Straight line	10-55
Water network	Straight line	10-55

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

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.

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.

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.

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	5 years

Accounting Policies

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.

Financial instruments recognised on the Statement of Financial Position includes receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents (includes non-current investments), annuity loans and payables (both from exchange and non-exchange transaction).

Initial recognitiont

Financial instruments are intially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial asset or financial liability or residual interest not at fair value plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset of financial liability. Financial assets are recognised at amortised cost.

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.
- Finanacial instruments at cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objectives evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial asset that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtors, probability the debtors will enter bankruptcy of financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municiaplity determines that no objectives evidence of impairment exists for an individually assessed financial asset whether significant or not, it includes the asset in a group of financial assets for impairment and for which impairment loss is, or continue to be, recognised are no included in a collective assessment of impairment. The municipality assess for impairment at the end of each reporting period.

If there is objective evidence that an impairment has been incurred, the amount of the loss is measured at 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). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and collateral has beeen realised of transferred to the municipality. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously impairment loss is increased or decreased by adjusting the allowance account.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

Accounting Policies

1.7 Financial instruments (continued)

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

Accounting Policies

1.7 Financial instruments (continued)

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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.

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.

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 directly OR 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 directly OR 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:

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.

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.

Accounting Policies

1.8 Leases (continued)

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 .

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.

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.

The aggregate benefit of incentives is recognised as a reduction of rental expense 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.

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 formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.9 Inventories (continued)

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 those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 held with the primary 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:
- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

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

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.

Accounting Policies

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.

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.

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.

Accounting Policies

1.13 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating deficits.

If an entity 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 an entity:
- 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 46.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.13 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

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.

The municipality 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 municipality 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 the municipality 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 (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

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.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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.

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.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.17 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.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. This consists currently mostly of interest and penalties on late payments made.

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.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Accounting Policies

1.19 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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 economic entity'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.

1.20 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2016	The impact of the amendment is not material.
• GRAP32: Service Concession Arrangements: Grantor	01 April 2016	The impact of the amendment is not material.
• GRAP108: Statutory Receivables	01 April 2016	The impact of the amendment is not material.
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	The impact of the amendment is not material.
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	The impact of the amendment is not material.

Notes to the Financial Statements

Figures in Rand	2016	2015

3. Biological assets that form part of an agricultural activity

	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Biological assets - Consumable 1	167 800	-	167 800	167 800	-	167 800

4. Investment property

	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	23 331 600	(220 846)	23 110 754	23 331 600	(196 263)	23 135 337

Reconciliation of investment property - 2016

	Opening balance	**Depreciation**	**Total**
Investment property	23 135 337	(24 583)	23 110 754

Reconciliation of investment property - 2015

	Opening balance	**Depreciation**	**Total**
Investment property	23 159 853	(24 516)	23 135 337

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.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Figures in Rand	2016	2015

5. Property, plant and equipment

	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land and Buildings	8 322 176	(586 350)	7 735 826	8 322 176	(454 985)	7 867 191
Infrastructure	153 321 584	(48 322 915)	104 998 669	151 209 070	(38 230 519)	112 978 551
Community	4 762 603	(70 911)	4 691 692	4 762 603	(60 846)	4 701 757
Other property, plant and equipment	10 661 636	(4 926 510)	5 735 126	10 522 595	(4 055 508)	6 467 087
Total	**177 067 999**	**(53 906 686)**	**123 161 313**	**174 816 444**	**(42 801 858)**	**132 014 586**

Reconciliation of property, plant and equipment - 2016

	Opening balance	**Additions**	**Depreciation**	**Total**
Buildings	7 867 191	-	(131 365)	7 735 826
Infrastructure	112 978 551	2 112 513	(10 092 395)	104 998 669
Community	4 701 757	-	(10 065)	4 691 692
Other property, plant and equipment	6 467 087	139 041	(871 002)	5 735 126
	132 014 586	**2 251 554**	**(11 104 827)**	**123 161 313**

Reconciliation of property, plant and equipment - 2015

	Opening balance	**Additions**	**Depreciation**	**Total**
Buildings	7 930 819	-	(63 628)	7 867 191
Infrastructure	107 613 777	10 460 156	(5 095 382)	112 978 551
Community	4 119 170	592 624	(10 037)	4 701 757
Other property, plant and equipment	7 092 527	137 927	(763 367)	6 467 087
	126 756 293	**11 190 707**	**(5 932 414)**	**132 014 586**

Reconciliation of Work-in-Progress 2016

	Included within Infrastructure	**Total**
Opening balance	20 850 898	20 850 898
Additions/capital expenditure	2 112 513	2 112 513
	22 963 411	**22 963 411**

Reconciliation of Work-in-Progress 2015

	Included within Infrastructure	**Total**
Opening balance	10 390 742	10 390 742
Additions/capital expenditure	10 460 156	10 460 156
	20 850 898	**20 850 898**

Notes to the Financial Statements

Figures in Rand	2016	2015

5. Property, plant and equipment (continued)

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.

6. Intangible assets

	2016			2015		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Licenses and franchises	3 562	-	3 562	7 961	-	7 961

Reconciliation of intangible assets - 2016

	Opening balance	**Amortisation**	**Total**
Licenses and franchises	7 961	(4 399)	3 562

Reconciliation of intangible assets - 2015

	Opening balance	**Amortisation**	**Total**
Licenses and franchises	20 777	(12 816)	7 961

7. Finance lease receivables

Gross investment in the lease due		
- within one year	94 227	360 583
	94 227	360 583
less: Unearned finance revenue	1 773	23 417
	96 000	**384 000**
Present value of minimum lease payments due		
- within one year	96 000	288 000
- in second to fifth year inclusive	-	96 000
	96 000	**384 000**

8. Operating lease asset (accrual)

Current Assets	22 415	44 308

These are due to the smoothing of operating leases.

9. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(6 092 473)	(6 592 839)

Notes to the Financial Statements

Figures in Rand	2016	2015

9. Employee benefit obligations (continued)

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

	2016	2015
Opening balance	(6 592 839)	(6 990 776)
Contributions by plan participants	(347 862)	(171 727)
Interest cost	(549 053)	(565 014)
Actuarial Gain/(Loss)	952 375	567 162
Expected Employer Benefit Payments	459 408	567 516
	(6 077 971)	**(6 592 839)**

Key assumptions used

Assumptions used at the reporting date:

	2016	2015
Discount rates used	8,62 %	8,62 %
Health care cost inflation rate	7,90 %	7,90 %
Net effective discount rate	0,67 %	0,67 %

Key deomographic assumptions:

Average retirement age			60
Continuation of membership at retirement			100%
Proportion of eligible membership at retirement			40%
Proprtion of eligible non-member employees joining the scheme at retirement			30%
Mortality during employment			SA 85-90
Mortality post-retirement			PA(90)-1
Withdrawal from service (sample annual rates)	**Age**	**Females**	**Males**
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	>50	0%	0%]

An actuarial valuation has been performed of the liability in respect of the post employment medical subsidy to employees of Ubuntu Local Muncipality and their registered dependants by ARCH Actuarial consulting. The complete report is available for inspection at the municipality main office.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

10. Capitalised Restoration Cost

	2016	2015
Net Carrying amount as at 01 July	375 706	360 189
Additions	-	161 834
Depreciation	(278 064)	(146 510)
Impairment	-	-
Reversal of Impairment due to an increase in discount rate	-	234
	97 642	375 706
Cost	715 762	715 762
Accumulated depreciation	(478 337)	(200 273)
Accumulated impairment	(139 782)	(139 782)

Figures in Rand	2016	2015

11. Other receivables

	2016	2015
Other receivables	255 515	-

Other receivables relates to the expenditure spent on grants and projects

12. Inventories

Water	10 906	10 906

13. Receivables from exchange transactions

Consumer debtors - Electricity	991 939	-

14. Receivables from non-exchange transactions

Fines	21 853 870	21 853 870
Other receivables from non-exchange revenue 1	369 607	369 607
Other receivables from non-exchange revenue 2	9 556	(4 230)
Consumer debtors - Rates	14 078 702	3 969 664
Consumer debtors - Other (Specified)	907 186	319 891
	37 218 921	**26 508 802**

15. Consumer debtors

Gross balances		
Electricity	4 496 054	3 093 898
Water	23 457 830	25 513 892
Sewerage	7 760 985	7 409 265
Refuse	10 360 890	9 054 207
Other (specify)	887 358	825 751
	46 963 117	**45 897 013**
Less: Allowance for impairment		
Electricity	(1 349 598)	(1 715 725)
Water	(22 724 273)	(20 606 021)
Sewerage	(5 089 003)	(6 446 857)
Refuse	(5 611 587)	(7 716 764)
Other (specify)	(9 417 873)	(5 175 058)
	(44 192 334)	**(41 660 425)**
Net balance		
Electricity	3 146 456	1 378 173
Water	733 557	4 907 871
Sewerage	2 671 982	962 408
Refuse	4 749 303	1 337 443
Other (specify)	(8 530 515)	(4 349 307)
	2 770 783	**4 236 588**
Electricity		
Current (0 -30 days)	3 146 456	1 378 173

Notes to the Financial Statements

Figures in Rand	2016	2015

15. Consumer debtors (continued)

Water		
Current (0 -30 days)	733 557	4 907 871
Sewerage		
Current (0 -30 days)	2 671 982	962 408
Refuse		
Current (0 -30 days)	4 749 303	1 337 443
Other (specify)		
Current (0 -30 days)	(8 530 515)	(4 349 307)

Reconciliation of allowance for impairment

Balance at beginning of the year	(41 660 425)	(32 226 958)
Contributions to allowance	(2 531 909)	(9 011 785)
Transferred to/(from) long term debtors	-	(421 682)
	(44 192 334)	**(41 660 425)**

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 400	2 400
Bank balances	252 758	1 354 959
Short-term deposits	3 163 082	2 764 271
Bank overdraft	(5 913 346)	(1 983 222)
	(2 494 106)	**2 138 408**

Current assets	3 419 240	4 121 630
Current liabilities	(5 913 346)	(1 983 222)
	(2 494 106)	**2 138 408**

Notes to the Financial Statements

Figures in Rand	2016	2015

16. Consumer debtors disclosure (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
Victoria West First National Bank - Primary bank account - 54 06233 8032	838 413	835 463	781 276	(5 913 346)	(1 983 222)	(1 047 083)
Richmond Standard bank - Current account - 18 738 917 9	-	458 169	89 163	135 953	466 366	89 163
Richmond Standard bank - Current account - 08 319 266 2	117 705	-	-	116 805	888 594	732 522
First National Bank - Call account - 62 04611 0920	9 705	117 185	1 024	9 705	117 185	1 024
First National Bank - Call account - 62 05001 7021	1 128	1 018	1 008	1 128	1 018	1 008
First National Bank - Call account - 62 05698 7088	1 926	13 837	1 167	1 926	13 837	1 167
First National Bank - Call account - 62 08647 7760	1 153	6 943	7 702	1 153	6 943	7 702
First National Bank - Call account - 62 08984 3744	35 806	66 757	10 293	35 806	66 757	10 293
First National Bank - Call account - 62 20922 9831	1 133 778	397 524	1 008	1 133 778	397 524	1 008
First National Bank - Call account - 62 24204 3892	1 769	213 736	1 399	1 769	213 736	1 399
First National Bank - Call account - 62 24730 1708	1 195	145 173	1 016	1 195	145 173	1 016
First National Bank - Call account - 71 08730 6258	1 870 327	1 702 118	-	1 870 327	1 702 118	-
First National Bank - Call account - 71 26761 8613	106 295	94 395	-	106 295	94 395	-
Total	**4 119 200**	**4 052 318**	**895 056**	**(2 497 506)**	**2 130 424**	**(200 781)**

Notes to the Financial Statements

Figures in Rand	2016	2015

17. Accumulated surplus

18. Finance lease obligation

Minimum lease payments due		
- within one year	(94 227)	(94 226)
- in second to fifth year inclusive	-	(266 357)
	(94 227)	(360 583)
less: future finance charges	(1 773)	(23 417)
Present value of minimum lease payments	**(96 000)**	**(384 000)**

Present value of minimum lease payments due		
- within one year	(94 227)	(94 226)
- in second to fifth year inclusive	-	(266 357)
	(94 227)	**(360 583)**

Non-current liabilities	-	(94 227)
Current liabilities	(94 227)	(266 357)
	(94 227)	**(360 584)**

It is municipality policy to lease certain equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 9% (2015: 9%).

Interest rates are fixed at the contract date. All leases escalate at 0% p.a and no arrangements have been entered into for contingent rent.

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
MIG	(7 919 342)	(8 734 342)
LIBRARY PROJECT	(1 057 334)	(391 017)
INSTALLATION OF BULKMETERS	31 067	31 067
MSIG	(10 671)	-
36 ERFS LOXTON	(305 093)	(305 093)
ELECTRIFICATION OF ERFS	(666 758)	(666 758)
ROAD PAVING LOXTON	300 479	300 479
RUBBISH BINS	(160 562)	(760 562)
FMG	(188 767)	-
	(9 976 981)	**(10 526 226)**

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 31 for reconciliation of grants from National/Provincial Government.

20. Other financial liabilities

At amortised cost		
Bank loan	(556 103)	(802 619)
Terms and conditions		

Figures in Rand	2016	2015

20. Other financial liabilities (continued)

Annuity loans at amortised cost is calculated at 8% interest rate, with a maturity date of 30 June 2018. The loan is unsecured.

Non-current liabilities		
At amortised cost	(252 462)	(498 978)
Current liabilities		
At amortised cost	(303 641)	(303 641)

21. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Unwinding of discounted interest	Actuarial gain/loss	Total
Environmental rehabilitation	(3 930 005)	-	-	(237 323)	-	(4 167 328)
Long service awards	(1 110 196)	(122 641)	116 068	(83 883)	55 460	(1 145 192)
	(5 040 201)	**(122 641)**	**116 068**	**(321 206)**	**55 460**	**(5 312 520)**

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Unwinding of discounted interest	Actuarial (gain)/loss	Total
Environmental rehabilitation	(3 580 606)	(161 834)	-	(187 565)	-	(3 930 005)
Long service awards	(966 985)	(91 190)	108 838	(72 065)	(88 794)	(1 110 196)
	(4 547 591)	**(253 024)**	**108 838**	**(259 630)**	**(88 794)**	**(5 040 201)**

Non-current liabilities	(2 221 990)	(2 230 915)
Current liabilities	(3 090 530)	(2 809 286)
	(5 312 520)	**(5 040 201)**

Provision for environmental rehabilitation

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation costs. A valuation was performed by independent experts and the relevant report is available for inspection at the municipality's main offices.

Provision for long service awards

A valuation of the municipality's liability relating to the long service awards was performed by actuaries.

22. Payables from exchange transactions

Trade payables	(16 024 633)	(18 087 812)
Payments received in advance (debtors with credit balances)	(3 288 652)	(3 193 023)
Uncleared deposits	(4 670 071)	(856 300)
Accrued leave pay	(1 793 803)	(1 585 554)
Accrued bonus	(551 757)	(551 757)
Deposits received	(88 977)	(89 671)
Other payables	(75 096)	(75 931)
Richmond traffic fines	(241 397)	(143 186)
Long term loan arrears	(614)	(614)
	(26 735 000)	**(24 583 848)**

Notes to the Financial Statements

Figures in Rand	2016	2015

23. VAT payable

Tax refunds payables	(2 242 180)	(1 859 833)

24. Consumer deposits

Electricity	(144 002)	(138 675)
Water	(97 570)	(90 573)
	(241 572)	**(229 248)**

25. Revenue

Service charges	17 067 080	20 355 550
Rental of facilities and equipment	262 781	334 266
Interest received (trading)	3 526 919	2 652 986
Agency services	3 692	4 950
Licences and permits	627 652	784 410
Recoveries	67	165 773
Sundry income	284 284	738 286
Interest received - investment	261 165	248 815
Property rates	9 435 379	6 002 211
Government grants & subsidies	32 467 928	39 025 315
Fines, Penalties and Forfeits	749 939	49 370 974
	64 686 886	**119 683 536**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	17 067 080	20 355 550
Rental of facilities and equipment	262 781	334 266
Interest received (trading)	3 526 919	2 652 986
Agency services	3 692	4 950
Licences and permits	627 652	784 410
Recoveries	67	165 773
Other income	284 284	738 286
Interest received - investment	261 165	248 815
	22 033 640	**25 285 036**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	9 435 379	6 002 211
Transfer revenue		
Government grants & subsidies	32 467 928	39 025 315
Fines, Penalties and Forfeits	749 939	49 370 974
	42 653 246	**94 398 500**

26. Service charges

Sale of electricity	12 955 794	8 638 759
Sale of water	(142 619)	7 778 915
Sewerage and sanitation charges	2 255 412	1 791 382
Refuse removal	1 998 493	2 146 494
	17 067 080	**20 355 550**

Notes to the Financial Statements

Figures in Rand	2016	2015

27. Rental of facilities and equipment

28. Other revenue

Recoveries	67	165 773
Other income	284 284	738 286
	284 351	**904 059**

29. Investment revenue

Interest revenue		
Interest on call accounts	261 165	248 815

30. Property rates

Rates received

Residential	10 870 845	7 419 915
Less: Income forgone	(1 435 466)	(1 417 704)
	9 435 379	**6 002 211**

Figures in Rand	2016	2015

31. Government grants and subsidies

Operating grants		
Equitable share	28 291 000	21 614 000
FMG	1 611 233	1 800 000
MSIG	919 329	934 000
SKILLS DEVELOPMENT	5 683	15 588
LIBRARY PROJECT	640 683	675 147
EPWP	1 000 000	1 000 000
GRANTS RECEIVED	-	46 721
	32 467 928	**26 085 456**
Capital grants		
MIG	-	10 924 844
EPWP	-	522 272
INEP	-	1 297 429
OTHER CAPITAL GRANTS	-	195 314
	-	**12 939 859**
	32 467 928	**39 025 315**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. Allocated equitable share for the year was R 28,291,000 however an amount of R 10,605,000 was witheld by the National Treasury and only the R 17,686,000 above was disbursed to the municipality. The witheld amount was because the municipality uses the MIG unspend Amount for other purposes in the 2014/2015 financial year.

Municipal Infrastructure Grant - MIG

Balance unspent at beginning of year	8 734 342	5 957 699
Current-year receipts	-	9 655 000
Conditions met - transferred to revenue	-	(10 924 844)
Refunded to treasury	(815 000)	4 046 487
	7 919 342	**8 734 342**

Conditions still to be met - remain liabilities (see note 19).

Library grant

Balance unspent at beginning of year	391 017	212 164
Current-year receipts	1 307 000	854 000
Conditions met - transferred to revenue	(640 683)	(675 147)
	1 057 334	**391 017**

Conditions still to be met - remain liabilities (see note 19).

Department of Water Affairs

Balance unspent at beginning of year	(31 067)	(31 067)

31Conditions still to be met - remain liabilities (see note 19).

Municipal Systems Improvement Grant - MSIG

Current-year receipts	934 000	934 000

Notes to the Financial Statements

Figures in Rand	2016	2015

31. Government grants and subsidies (continued)

Conditions met - transferred to revenue	(919 329)	(934 000)
Witheld by the treasury	(4 000)	-
	10 671	**-**

Conditions still to be met - remain liabilities (see note 19).

Housing Grants

Balance unspent at beginning of year	305 093	351 314
Conditions met - transferred to revenue	-	(46 221)
	305 093	**305 093**

Conditions still to be met - remain liabilities (see note 19).

Integrated National Electrificiation Programme - INEP

Balance unspent at beginning of year	666 758	464 187
Current-year receipts	-	1 500 000
Conditions met - transferred to revenue	-	(1 297 429)
	666 758	**666 758**

Conditions still to be met - remain liabilities (see note 19).

Expanded Public Works Programme - EPWP

Balance unspent at beginning of year	(300 479)	221 793
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	-	(1 522 272)
Other	(1 000 000)	-
	(300 479)	**(300 479)**

Conditions still to be met - remain liabilities (see note 19).

Other grants

Balance unspent at beginning of year	760 562	760 562
Conditions met - transferred to revenue	(600 000)	-
	160 562	**760 562**

Conditions still to be met - remain liabilities (see note 19).

Financial Management Grant - FMG

Current-year receipts	1 800 000	1 800 000
Conditions met - transferred to revenue	(1 611 233)	(1 800 000)
	188 767	**-**

Conditions still to be met - remain liabilities (see note 19).

Notes to the Financial Statements

Figures in Rand	2016	2015

32. Employee related costs

Basic	20 824 533	18 320 197
Medical aid - company contributions	(3 343 951)	407 300
UIF	183 897	162 195
SDL	1 451	228 077
Other payroll levies	14 489	13 194
Leave pay provision charge	691 932	239 764
Post retirement benefit	136 865	171 727
Pension fund contributions	3 157 724	3 114 027
Overtime payments	1 858 501	1 952 291
Long-service awards	6 573	91 190
13th Cheques	1 197 259	1 155 605
Car allowance	686 448	944 875
Housing benefits and allowances	359 086	31 757
Telephone allowance	19 967	38 069
Standby allowance	193 494	256 814
	25 988 268	**27 127 082**

33. Remuneration of councillors

Speaker	809 907	766 872
Councillors	1 937 749	1 753 484
	2 747 656	**2 520 356**

34. Depreciation and amortisation

Property, plant and equipment	11 104 828	6 078 963
Investment property	24 583	24 516
Intangible assets	4 399	12 817
	11 133 810	**6 116 296**

35. Impairment of assets

Impairments		
Trade and other receivables	-	45 477 419

36. Finance costs

Non-current borrowings	67 386	75 992
Trade and other payables	788 253	518 856
Finance leases	233 559	44 486
Bank	44 237	26 565
Other interest incurred	870 258	824 644
	2 003 693	**1 490 543**

37. Bulk purchases

Electricity	13 079 472	12 964 854
Water	469 868	609 069
	13 549 340	**13 573 923**

Notes to the Financial Statements

Figures in Rand	2016	2015

38. Contracted services

Speed law enforcement services	-	4 854 556

39. General expenses

Advertising	131 371	57 341
Auditors remuneration	1 944 382	1 641 652
Bank charges	216 103	238 136
Consulting and professional fees	5 167 565	2 163 266
Entertainment	20 000	-
Fines and penalties	-	232 317
Insurance	375 697	318 590
Motor vehicle expenses	-	2 268
Fuel and oil	256 184	741 049
Printing and stationery	256 734	339 055
Protective clothing	12 888	75 814
Research and development costs	83 538	116 072
Royalties and license fees	261 295	60 079
Security (Guarding of municipal property)	3 101	2 853
Subscriptions and membership fees	50 000	425 439
Telephone and fax	228 982	262 362
Training	12 629	23 585
Travel - local	1 163 967	853 515
Electricity	1 080 008	18
Sewerage and waste disposal	58 648	-
Water	513 856	-
Refuse	119 455	-
Werkskepping	1 027 879	1 294 641
Vehicle licencing	32 707	75 075
Pauper burials	15 900	7 500
Other expenses	45 048	140 059
Paraffin subsidy	157 354	198 489
	13 235 291	**9 269 175**

40. Fair value adjustments

Biological assets - (Fair value model)	-	(39 830)

41. Auditors' remuneration

Fees	1 944 382	1 641 652

Notes to the Financial Statements

Figures in Rand	2016	2015

42. Net cash flows from operating activities

	2016	2015
(Deficit) surplus	(4 556 062)	8 539 012
Adjustments for:		
Depreciation and amortisation	11 133 810	6 116 296
Loss on sale of assets and liabilities	-	(26 500)
Fair value adjustments	-	39 830
Finance costs - Finance leases	233 559	44 486
Impairment deficit	-	45 477 419
Movements in operating lease assets and accruals	21 893	17 408
Movements in retirement benefit assets and liabilities	(500 366)	(397 937)
Movements in provisions	272 319	492 610
Other non-cash items	-	(146 549)
Changes in working capital:		
Inventories	-	(840)
Receivables from exchange transactions	(991 939)	(123 066 725)
Consumer debtors	1 465 805	29 767 177
Other receivables from non-exchange transactions	(10 710 119)	37 167 694
Payables from exchange transactions	2 151 152	13 532 207
VAT	382 347	(315 375)
Unspent conditional grants and receipts	(549 245)	(4 924 195)
Consumer deposits	12 324	11 657
	(1 634 522)	**12 327 675**

43. Other cash item 1

44. Financial instruments disclosure

Categories of financial instruments

2016

Financial assets

	At amortised cost	Total
Fixed deposits	1 802 097	1 802 097
Government grants and subsidies	338 200	338 200
Trade and other receivables from exchange transactions	4 236 587	4 236 587
Other receivables from non-exchange transactions	94 993 191	94 993 191
Cash and cash equivalents	1 354 959	1 354 959
Cash float	2 400	2 400
Call deposits	962 173	962 173
	103 689 607	**103 689 607**

Financial liabilities

	At amortised cost	Total
Compound instruments	556 032	556 032
Loans from economic entities	94 227	94 227
Loans from shareholders	1 120 719	1 120 719
Trade and other payables from exchange transactions	18 137 726	18 137 726
Taxes and transfers payable (non-exchange)	614	614
Bank overdraft	89	89
	19 909 407	**19 909 407**

2015

Notes to the Financial Statements

Figures in Rand	2016	2015

. **Financial instruments disclosure (continued)**

Financial assets

	At amortised cost	Total
Fixed deposits	1 802 097	1 802 097
Government grants and subsidies	338 200	338 200
Trade and other receivables from exchange transactions	4 236 587	4 236 587
Other receivables from non-exchange transactions	94 993 191	94 993 191
Cash and cash equivalents	1 354 959	1 354 959
Cash float	2 400	2 400
Call deposits	962 173	962 173
	103 689 607	**103 689 607**

Financial liabilities

	At amortised cost	Total
Annuity loans	556 032	556 032
Capitalised lease liability	94 227	94 227
Landfill site provision	1 120 719	1 120 719
Trade and other payables from exchange transactions	18 137 726	18 137 726
Arrear portion of long-term liabilities	614	614
Deposits	89 671	89 671
Other	1 140 162	1 140 162
Landfill site provision - short term portion	2 809 286	2 809 286
Government grants	2 256 382	2 256 382
Annuity loans - short term portion	246 587	246 587
Lease liability - short term portion	266 357	266 357
Bank overdraft	1 983 222	1 983 222
	28 700 985	**28 700 985**

45. Commitments

Authorised capital expenditure

	2016	2015
Already contracted for but not provided for		
• Property, plant and equipment	6 351 390	5 250 798
Total capital commitments		
Already contracted for but not provided for	6 351 390	5 250 798

This committed expenditure relates to property and will be financed by government grants.

Figures in Rand	2016	2015

46. Contingencies

A claim was lodged against the municipality by Mr Conroy, due to a dispute over an account for the provision of water. If successful, the municipality will be liable for an amount of R 316,741 plus interest.

A claim was lodged against the municipality by Mr KJ Rigard for unlawful dismissal, the municipality will be liable for an amount between R 200,000 and R 400,000.

The municipality does not have a permit or licence for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.

A claim was lodged against the municipality by Mr MF Fillis for unlawful dismissal, the municipality could be liable for an amount to R 600,000.
A Claim was lodged against the municipality by Katie Rigard for unlawful dismissal, the municipality could be liable for an amount to R 600,000.
A claim was lodged against the municipality by Traffic Violation System (TVS), the matter settled but hand over process of the debt still pending, the municipality could be liable for an amount to R 4 000,000.
A claim was lodged by farmers represented by the Attorney Wynand Viljoen relating to property and tax matters (Outstanding debt R250 000). The matter is still pending with an estimated cost of R250 000 including costs and disbursement.
Agri-Forum - Richmond farmers lodged a claim against the municipality relating to property and tax matters (Outstanding debt R1 million). The matter is still pending with an estimated cost of R250 000 including costs and disbursements.
Martin Fillis lodged a claim against the municipality, pending investigations by the Hawks. The matter is still pending with an estimated cost of R500 000 including costs and disbursements.
The MEC - Department of Enviromental Affairs lodged a claim against the municipality stating that the municipality does not have a permit or license for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environemental Conservation Act. The matter is pending in the High Court in Kimberley with an undertermined estimated cost.
A claim was lodged against the municipality by Mr AM Conroy due to a dispute over an account for the provision of water. If successful, the municipality will be liable for an amont of R316 741. The matter is still pending in the High Court in Kimberley.

47. Related parties

Relationships

Councillors	All council members and their close family members
Close family member of key management	Municipality does not have senior management except the Acting Accounting Officer

Key Management Personnel

Employee name	Designation	Termination date	Reason
TH Zingange	Director: Technical Service	30 April 2016	Contract Expires
RF Butler	CFO	28 February 2016	Contract Expires

No related party transactions took place during the financial year except those at arms lengthe for provision of services.

48. Prior period errors

The unspent portion of MIG grant was incorrectly accounted for in the prior year. It was used erroneously to cover the shortfall in the operational expenses of the municipality however Treasury then withheld the portion of the Equitable Share Grant in order to recover the unspent portion of the MIG grant.

The correction of the error(s) results in adjustments as follows:

	2016	2015
Statement of financial position		
Unspent Condittional Grant & Subsidies	-	8 492 486

Figures in Rand	2016	2015

49. Comparative figures

Comparative figures have been reclassified. Reasons for reclassification are provided below:

Statement of Financial Position

1. Annuity Loans - In terms of GRAP 104 financial liabitilities consist of annuity loans. As a result of using latest GRAP compliant annual financial statement template, annuity loans cannot be disclosed as line items on their own but should be categorised as part of line item financial liabilities.
2. Employee benefits - Post retirement benefits are separated from Long service award - whilst post retirement benefits may have met the requirements of employee benefits obligation definition , long service is a liability during the employees whilst they are still in the service of employee thus requiring only a Provision to be made.
3. Non current provision - as explained above the amount comprises now of Provision for Landfill and Provision for Long Service award.
4. Other Financial Liabilities - this amount refers to the Annuity Loans reclassified above.
5. Current employee benefits - as explained above in no.2 the employee benefits are reclassified as non-current liability excluding provision for long service awards.
6. Payables from exchange transactions - an amount for bank overdraft was reclassified to payables. An unspent grant portion was previously classified as payables and this was reclassified to unspent grants. This amount previously classified under cash and cash equivalent however the nature of the amount is a current liabilities as is payable to the bank.
7. Unspent conditional government grant -as explained above part of unspent grant was classified as payables and thus reclassified this year as part of Unspent Grant.
8. Current portion annuity loans - as explained above in no.1 the annuity loans are reclassified as non-current financial liabilites.
9. Non-current investment - this amount comprises of short term investment with banking instititutions, the amount is current in nature and has been categorised as part of cash and cash equivalents.
10. Receivables from non-exchange transactions - the difference is the transactions that were reclassified to payables from exchange transactions.
11. Unpaid conditional government grants and receipts - these were over expenditure on the grants however no receivables can be raised from over spending of government grants.
12. Cash and cash equivalents - this refers to reclassification referred to in no.9.

Statement of Financial Perfomance

1. Government Grants and Subsidies - previously grants and subsidies were separated however this year these grants have been aggregated into one line item.
2. Expenditure - there were expenditure that were incorrectly classified. Expenditure was reviewed and classified accordingly based on their nature or substance.

The effects of the reclassification are as follows:

Statement of financial position		
Annuity Loans	-	(556 031)
Employee Benefits	-	(534 720)
Non-current provision	-	1 110 196
Other finance liabilities	-	498 978
Current Employee benefits	-	(2 712 787)
Payables from exchange transactions	-	1 831 166
Unspent Conditional Government Grants and Receipts	-	(222 643)
Current Portion of Annuity Loans	-	(246 587)
Other Finance Liabilities	-	303 641
Non-current investment	-	(1 802 097)
Receivables from non-exchange transations	-	(190 583)
Unpaid Conditional Government Grants and Receipts	-	(338 200)
Cash and cash equivalent	-	1 802 097

Notes to the Financial Statements

Figures in Rand	2016	2015

49. Comparative figures (continued)

Statement of Financial Performance		
Government Grants and Subsidies - Capital	-	12 261 794
Government Grants and Subsidies - Operating	-	26 763 020
Public Contributions and Donations	-	500
Government Grant and Subsidies	-	(39 025 315)
Employee related costs	-	290 950
Operating grant expenditure	-	(1 687 212)
General Expense	-	1 395 070
Lease rental on operating lease	-	1 196

50. Going concern

We draw attention to the fact that at 30 June 2016, the municipality had accumulated deficits of R 134 088 942 and that the municipality's total liabilities exceed its assets by R 134 088 942.

The 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

The municipality is experiencing financial difficulties, indicators are as follows:
- Suppliers were not paid within the legislative 30 days;
- There are a material increase in outstanding trade and other payables;
- Unspent conditional grant liabilities are not backed up by available cash balances;
- Employee benefit obligations are unfunded;
- Slow collection and low recoverability of outstanding consumer receivables; and
- Unfavourable financial ratio's.

The municipality is exploring alternative options to improve its financial position.
Although certain financial ratio's may appear unfavourable, the municipality still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, 2014 (Act No.10 of 2014).

51. Events after the reporting date

There was no significant events after the reporting date:

52. Unauthorised expenditure

Unauthorised expenditure	123 160 997	90 760 230
Current year	449 348	32 400 767
	123 610 345	**123 160 997**

53. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	2 292 765	1 515 027
Current year	33 454	777 738
	2 326 219	**2 292 765**

54. Irregular expenditure

Opening balance	42 540 639	36 744 723
Add: Irregular Expenditure - current year	819 041	5 795 916
	43 359 680	**42 540 639**

55. Additional disclosure in terms of Municipal Finance Management Act

Distribution losses

Non-Technical Losses

Non-Technical loss are amounts other the result of administrative and technical errors, negligence, theft of electricity cables, tampering with meters and connections which form part of illegal consumption, faulty meters, vandalised standpipes etc.

Technical Losses

Technical losses are a result of electricity losses while being distributed from the soruce of generation through the transmission and distribution network to the final consumer. The wires (copper or aluminium) being used to distribtue electicity gave certain resistance which resist the throughput of current, as a result there is a certain portion of electricity that is lost due to distribution.

Technical water losses are the result of losses between bulk water purchaes less the water distributed to consumers. Alternatively, this can be measured as the tootal water stored in tanks less water distributed to consumers.

Water -

In the current year, there non-technical losses of water, these are impractical to quantify due to its nature. The technical losses were impractical to measure due to the fact that the municipality obtains water from open source into its dam.

Electricity -

Unquantifiable non-technical losses were noted which cannot be quantified.

Technical losses:
Kwh - units - 4,945 or R 801,766.88 or 29% (2015: 2,984 Kwh or 23%)

Audit fees

	2016	2015
Opening balance	1 400 000	1 353 652
Amount paid - current year	(466 179)	(1 353 652)
	933 821	-

VAT

	2016	2015
VAT payable	2 242 180	1 859 833

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

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

55. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016:

30 June 2016	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MJ RIGARD	1 515	4 807	6 322
SC JORDAAN	324	-	324
CC JANTIES	899	10 293	11 192
BJ BRUWER	716	-	716
KJ ARENS	1 490	3 876	5 366
K ARENS	113	4 116	4 229
	5 057	**23 092**	**28 149**

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 City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

56. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the financial statements.

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the who considered them and subsequently approved the deviation from the normal supply chain management regulations.

57. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 15% (25% over approved budget) for the Health function was due to expenditures above the level approved by legislative action in response to the earthquake. There were no other material differences between the final budget and the actual amounts.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to pages to in the annual report.

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages to in the annual report

Appendix A

Schedule of external loans as at 30 June 2010

	Loan Number	Redeemable	Balance at Tuesday, 30 June 2015 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Thursday, 30 June 2016 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Development Bank of South Africa								
Annuity loans			802 619	57 125	303 641	556 103	-	-
			802 619	**57 125**	**303 641**	**556 103**	**-**	**-**
Bonds								
Total external loans			**802 619**	**57 125**	**303 641**	**556 103**	**-**	**-**

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

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure				
		Sep	Dec	Mar	Jun	Mar	Sep	Dec	Mar	Jun	Sep
Equitable share	National Treasury	8 877 000	4 699 000	4 110 000	-	-	4 421 500	4 421 500	4 421 500	4 421 500	-
Municipal Infrastructure Grant	National Treasury	-	4 895 000	4 895 000	-	-	-	1 154 882	957 632	-	-
Financial Management Grant	National Treasury	1 800 000	-	-	-	-	372 124	388 500	664 114	186 495	-
Municipal Systems Improvment Grant	National Treasury	930 000	-	-	-	-	2 900	-	220 248	696 180	-
Extended Public Works Programme	National Treasury	400 000	300 000	300 000	-	-	230 188	320 972	360 845	253 695	-
Library Grant	National Treasury	-	635 500	635 500	-	-	134 918	161 953	160 823	182 987	-
		12 007 000	10 529 500	9 940 500	-	-	5 161 630	6 447 807	6 785 162	5 740 857	-

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