

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

INDEX

NO	CONTENTS	PAGE
1	General Information and Approval of Annual Financial Statements	2
2	Members of the Council	4
3	Foreword	6
4	Audit Report	7
5	Report of the Chief Financial Officer	8
6	Statement of Financial Position	15
7	Statement of Financial Performance	16
8	Cash Flow Statement	18
10	Accounting Policies	19
11	Notes to the Financial Statements	41
	Appendices:	
12	A Analysis of Property, Plant and Equipment (Unaudited)	87
13	B Segmental Analysis of Property, Plant and equipment (Unaudited)	90
14	C Segmental Statement of Financial Performance (Unaudited)	91
15	D (1) Actual versus Budget (Revenue and Expenditure (Unaudited)	92
16	D (2) Actual versus Budget (Acquisition of Property, Plant and Equipment) (Unaudited)	93
17	E Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act(Unaudited)	94

**CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012**

**GENERAL INFORMATION AND APPROVAL OF ANNUAL
FINANCIAL STATEMENTS**

EXECUTIVE MAYOR

Cllr Hanna Makoba

SPEAKER

Cllr Hanna Makoba

OTHER MEMBERS OF THE MAYORAL COMMITTEE

Cllr D.J. Coetzee	1	Cllr H. Makoba
Cllr F.E. Sigonyela	2	Cllr M. Block
Cllr A.F. Pannies	3	Cllr T.J.C. Eksteen
Cllr A.D. Gradwell	4	Cllr A. Booysen
Cllr J.D. Swemmer	5	Cllr T. Nonnies
Cllr M.B. Meishik	6	Cllr S.J. Jankovich-Besan
Cllr A.R. Knott-Craig	7	Cllr I.J. van Zyl

GRADING OF THE LOCAL AUTHORITY

Grade 3

EXTERNAL AUDITORS

Office of the Auditor - General
P.O. Box 13282
Vincent
East London
5217

PRIMARY BANKER

First National Bank

MUNICIPAL MANAGER

Mr Monde Langbooi
049 807 5852
083 385 0365
langbooi@camdeboo.gov.za

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

GENERAL INFORMATION (continued)

CHIEF FINANCIAL OFFICER

Mr Jimmy Joubert

049 807 5736

083 284 9807

joubertj@camdeboo.gov.za

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 15 to 94, in terms of Section 126(1) of the Municipal Finance Management Act (Act No. 56 of 2003) and which I have signed on behalf of the municipality.

M Langbooi
MUNICIPAL MANAGER
31 August 2012

J Joubert
CHIEF FINANCIAL OFFICER
31 August 2012

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

MEMBERS OF THE COUNCIL

COUNCILLORS	WARD	PROPORTIONAL COUNCILLORS
Cllr D.J. Coetzee	1	Cllr H. Makoba
Cllr F.E. Sigonyela	2	Cllr M. Block
Cllr A.F. Pannies	3	Cllr T.J.C. Eksteen
Cllr A.D. Gradwell	4	Cllr A. Booysen
Cllr J.D. Swemmer	5	Cllr T. Nonnies
Cllr M.B. Meishik	6	Cllr S.J. Jankovich-Besan
Cllr A.R. Knott-Craig	7	Cllr I.J. van Zyl

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

MEMBERS OF THE COUNCIL (continued)

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution of the Republic of South Africa, 1996 read with the Remuneration of Public Officer Bearers Act No. 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.

M.G. LANGBOOI
MUNICIPAL MANAGER
31 August 2012

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2012

FOREWORD

The Municipal Finance Management Act, Act 56 of 2003, section 122, states that every municipality must for each financial year prepare annual financial statements which fairly presents the state of affairs in the municipality. However, this exercise cannot only be aimed at complying with legislation. It is also a critical source of information for council decisions and planning. Furthermore, other users of financial information rely heavily on these statements to make decisions that eventually impact our communities in areas like job creation and general economic welfare.

The annual financial statements provide important information on the financial viability of the municipality, as well as the community's welfare. The need for service delivery and accountability in the public sphere demands that we sit down and analyse what has been achieved in terms of financial results and net position. It is with this in mind that I urge everyone to broaden the perspective in the public debate on scarce resources and its utilisation. These statements should make an indispensable contribution to such a scrutiny.

On behalf of the council, I hereby wish to express my sincere appreciation to the municipal manager and the rest of our officials for the timeous completion and submission of the annual financial statements. I am mindful of the ever present challenges in the municipal financial environment.

MAYOR HANNAH MAKOBA

31 August 2012

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

AUDIT REPORT

The 2011/2012 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as Annexure "A" when received after the completion of the statutory audit.

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of Camdeboo Municipality at 30 June 2012 and the results of its operations and cash flows for the year then ended.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2011/2012 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2012 indicates an increase in Net Assets, and an increase in Non-current Liabilities and decrease in Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Retirement Benefit Liabilities and Long-service Benefits. The decrease in Current Liabilities is primarily as a result of the decrease in Creditors and Unspent Conditional Grants.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

Financial Statement Ratios:

INDICATOR	2012	2011
Surplus before Appropriations	10 799 174	3 097 374
Surplus / (Deficit) at the end of the Year	642 730 243	630 848 783
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	29.56%	34.80%
Remuneration of Councillors	1.56%	1.50%
Collection Costs	0.00%	0.00%
Depreciation	14.43%	17.90%
Impairment Losses	4.54%	-0.27%
Repairs and Maintenance	6.47%	6.18%
Interest Paid	0.00%	0.00%
Bulk Purchases	20.54%	20.24%
Contracted Services	0.87%	0.69%
Grants and Subsidies Paid	0.02%	0.03%
General Expenses	22.02%	18.92%
Current Ratio:		
Creditors Days	27	42
Debtors Days	109	136

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "C", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "D (1)".

The services offered by Camdeboo Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2012 are as follows:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	(125 114 066)	(98 259 950)	27.33	-	100.00
Operating income for the year	184 581 139	139 010 377	32.78	175 666 303	5.07
Appropriations for the year	-	-	-	-	-
	59 467 073	40 750 428	45.93	175 666 303	(66.15)
Expenditure:					
Operating expenditure for the year	173 781 966	135 913 004	27.86	183 491 368	(5.29)
Sundry transfers	(1 074 456)	29 951 490	(103.59)	-	100.00
Closing surplus / (deficit)	(113 240 436)	(125 114 066)	(9.49)	(7 825 065)	1 347.15
	59 467 073	40 750 428	45.93	175 666 303	(66.15)

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	75 190 842	79 245 846	(5.12)	71 918 746	4.55
Expenditure	88 484 412	67 851 656	30.41	76 619 144	15.49
Surplus / (Deficit)	(13 293 571)	11 394 190	(216.67)	(4 700 398)	182.82
Surplus / (Deficit) as % of total income	(17.68)%	14.38%		(6.54)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	604 513	1 385	43 561.04	1 500	40 200.89
Expenditure	1 248 250	-	100.00	-	100.00
Surplus / (Deficit)	1 852 763	1 385	133 716.01	1 500	123 417.53
Surplus / (Deficit) as % of total income	306.49%	100.00%		100.00%	

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	28 524 072	8 262 076	245.24	17 781 826	60.41
Expenditure	16 270 038	14 052 969	15.78	18 108 849	(10.15)
Surplus / (Deficit)	12 254 034	(5 790 893)	(311.61)	(327 023)	(3 847.15)
Surplus / (Deficit) as % of total income	42.96%	(70.09)%		(1.84)%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R35 775 770 (2011: R27 606 611). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	58 331 994	43 965 795	32.68	67 068 280	(13.03)
Expenditure	52 527 245	42 419 924	23.83	70 457 105	(25.45)
Surplus / (Deficit)	5 804 750	1 545 871	275.50	(3 388 825)	(271.29)
Surplus / (Deficit) as % of total income	9.95%	3.52%		(5.05)%	

3.5 Water Services:

Water are purified by Camdeboo for their own use.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	21 750 515	7 535 276	188.65	18 895 951	15.11
Expenditure	17 569 317	11 588 454	51.61	18 306 270	(4.03)
Surplus / (Deficit)	4 181 198	(4 053 179)	(203.16)	589 681	609.06
Surplus / (Deficit) as % of total income	19.22%	(53.79)%		3.12%	

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R51 859 007 (2010/11: R25 277 479). Full details of Assets are disclosed in Notes 7 and Appendices "A, B and D (2)" to the Annual Financial Statements.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2012	2011
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	(7 825 065)	11 414 762
Revenue variances	8 914 836	5 990 107
Expenditure variances:		
Employee Related Costs	2 294 628	989 115
Remuneration of Councillors	103 485	118 994
Depreciation and Amortisation	(5 079 742)	(22 226 672)
Impairment Losses	(1 389 093)	2 372 333
Repairs and Maintenance	(3 616 688)	(1 419 967)
Bulk Purchases	14 306 544	3 487 114
Contracted Services	(101 000)	136 237
Grants and Subsidies Paid	-	11 789
General Expenses	3 191 269	2 223 563
Actual surplus before appropriations	10 799 174	3 097 374

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

DETAILS	2012	2011
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	(7 825 065)	11 414 762
Executive and Council	2 624 321	273 531
Finance and Administration	2 595 985	31 130 436
Planning and Development	(5 073 023)	(2 780 191)
Health	240 110	326 358
Community and Social Services	281 640	274 429
Housing	1 851 263	(0)
Public Safety	467 117	(547 956)
Sport and Recreation	505 726	(54 033)
Waste Management	12 581 057	(11 622 133)
Roads and Transport	(10 421 058)	(10 106 653)
Water	3 591 517	(8 487 137)
Electricity	9 193 575	(6 937 042)
Other	186 009	213 003
Revenue Foregone	-	-
Actual surplus before appropriations	10 799 174	3 097 374
	0	

Details of the operating results per segmental classification of expenditure are included in Appendix "C", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "D (1)".

5.2 Capital Budget:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Variance actual 2011/12 / 2010/11 R	Budgeted 2011/12 R	Variance actual/ budgeted R
Executive and Council	59 581	580 743	(521 162)	50 000	9 581
Finance and Administration	521 021	627 161	(106 140)	1 255 000	(733 979)
Health	48 051	2 702 689	(2 654 638)	66 000	(17 949)
Community and Social Services	5 940	-	5 940	280 000	(274 060)
Housing	-	-	-	1 720 000	(1 720 000)
Public Safety	3 161 267	185 562	2 975 705	185 000	2 976 267
Waste Management	26 554 639	-	26 554 639	26 864 200	(309 561)
Roads and Transport	3 521 682	1 321 339	2 200 343	1 620 000	1 901 682
Water	11 499 326	17 366 051	(5 866 725)	7 720 000	3 779 326
Electricity	6 487 499	2 494 135	3 993 364	8 436 000	(1 948 501)
	51 859 005	25 277 680	26 581 325	48 196 200	3 662 805

Details of the results per segmental classification of capital expenditure are included in Appendix "B", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "D (2)".

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

6. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2012 was R21 105 015 (30 June 2011: R18 692 427).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 14 for more detail.

7. NON-CURRENT PROVISIONS

Non-current Provisions amounted R8 500 000 as at 30 June 2012 (30 June 2011: R9 295 000) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	8 500 000
	<u>8 500 000</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 15 for more detail.

8. CURRENT LIABILITIES

Current Liabilities amounted R22 806 024 as at 30 June 2012 (30 June 2011: R27 996 912) and is made up as follows:

Consumer Deposits	Note 9	1 466 482
Provisions	Note 10	1 847 787
Payables	Note 11	13 467 066
Unspent Conditional Grants and Receipts	Note 12	4 697 915
VAT Payable	Note 13	-
Operating Lease Liabilities	Note 15	-
		<u>22 806 024</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R621 372 605 as at 30 June 2012 (30 June 2011: R605 087 664).

Refer to Note 7 and Appendices "A, B and D (2)" for more detail.

10. CURRENT ASSETS

Current Assets amounted R69 092 210 as at 30 June 2012 (30 June 2011: R76 733 064) and is made up as follows:

Inventories	Note 2	3 641 578
Receivables from Exchange Transactions	Note 3	15 450 950
Receivables from Non-exchange Transactions	Note 4	25 001 360
Cash and Cash Equivalents	Note 6	23 466 968
		<u>69 092 210</u>

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

**CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012**

REPORT OF THE CHIEF FINANCIAL OFFICER

11. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 12 and 17 and Appendix E for more detail.

12. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 43

13. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

Jimmy Joubert
CHIEF FINANCIAL OFFICER
31 August 2012

CAMDEBOO MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

		Actual	
	Note	2012 R	2011 R
ASSETS			
Current Assets		69 092 210	76 733 064
Inventories	2	3 641 578	3 055 544
Receivables from Exchange Transactions	3	15 450 950	11 771 191
Receivables from Non-exchange Transactions	4	25 001 360	17 655 816
VAT Receivable	5	1 531 354	3 621 584
Cash and Cash Equivalents	6	23 466 968	40 628 928
Non-Current Assets		626 051 258	610 125 802
Property, Plant and Equipment	7	621 372 605	605 087 664
Investment Property	8	4 678 653	5 038 137
Total Assets		695 143 468	686 858 865
LIABILITIES			
Current Liabilities		22 806 024	27 996 912
Consumer Deposits	9	1 466 482	1 377 051
Provisions	10	1 847 787	1 580 543
Payables	11	13 467 066	14 366 956
Unspent Conditional Grants and Receipts	12	4 697 915	8 018 815
Current portion of employment benefit liabilities	13	1 326 774	1 326 774
Non-Current Liabilities		29 607 201	28 013 171
Long-term Liabilities	14	2 186	25 744
Employee Benefit Liabilities	15	21 105 015	18 692 427
Non-current Provisions	16	8 500 000	9 295 000
Total Liabilities		52 413 225	56 010 083
Total Assets and Liabilities		642 730 243	630 848 783
NET ASSETS		642 730 243	630 848 783
Accumulated Surplus / (Deficit)		642 730 243	630 848 783
Total Net Assets		642 730 243	630 848 783

CAMDEBOO MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011 R	Budget		Note	Actual	
	2012 Original R	2012 Adjusted R		2012 R	2011 R
REVENUE					
Revenue from Non-exchange Transactions					
13 499 387	14 352 402	15 370 000	17	15 628 573	14 897 721
351 100	241 772	241 772		192 334	155 750
1 721 000	2 236 447	1 777 447		1 565 257	1 329 815
-	-	-		-	65 979
33 757 000	49 646 858	50 218 445	18	71 001 839	55 840 088
-	-	-	19	1 600 149	172 765
78 963 750	95 785 370	102 622 585	20	87 877 933	60 074 454
504 980	514 595	645 030	21	630 059	523 462
1 140 000	1 240 000	810 000	22	2 029 335	2 973 506
2 301 668	2 359 659	3 003 500	22	2 761 779	2 004 064
781 385	893 434	977 524	23	1 287 042	972 772
-	-	-		6 840	-
133 020 270	167 270 537	175 666 303	Total Revenue	184 581 139	139 010 377
EXPENDITURE					
48 288 784	53 016 564	53 656 717	24	51 362 089	47 299 669
2 158 422	2 817 570	2 817 570	25	2 714 085	2 039 428
2 100 000	1 740 000	20 000 000	26	25 079 742	24 326 672
2 000 000	1 400 000	6 500 000	27	7 889 093	(372 333)
6 977 905	7 537 800	7 628 135		11 244 823	8 397 872
31 000 000	45 095 405	50 000 000	28	35 693 456	27 512 886
1 079 900	1 079 900	1 407 790	29	1 508 790	943 663
56 000	28 000	31 750	30	31 750	44 211
27 944 497	31 424 957	41 449 406	31	38 258 137	25 720 934
121 605 508	144 140 196	183 491 368	Total Expenditure	173 781 966	135 913 004
11 414 762	23 130 341	(7 825 065)	SURPLUS / (DEFICIT) FOR THE YEAR	10 799 174	3 097 374

Refer to Appendix D(1) for explanation of budget variances

CAMDEBOO MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

Description	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R
2011		
Balance at 30 June 2010	626 555 824	626 555 824
Correction of Error Note 34	1 195 586	1 195 586
Restated Balance	627 751 410	627 751 410
Surplus / (Deficit) for the year	3 097 374	3 097 374
Balance at 30 June 2011	630 848 783	630 848 783
2012		
Correction of Error Note 34	1 082 288	1 082 288
Restated Balance	1 082 288	631 931 071
Surplus / (Deficit) for the year	10 799 174	10 799 174
Balance at 30 June 2012	11 881 461	642 730 245

CAMDEBOO MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	Actual	
		2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from government and other		147 092 162	118 096 447
Cash paid to suppliers and employees		(128 046 801)	(103 775 933)
CASH GENERATED FROM OPERATIONS	35	19 045 361	14 320 514
Interest received	22	4 791 114	4 977 570
NET CASH FLOWS FROM OPERATING ACTIVITIES		23 836 475	19 298 084
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(41 005 277)	(25 277 478)
Proceeds on Disposal of Property, Plant and Equipment		6 840	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(40 998 437)	(25 277 478)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	6	(17 161 961)	(5 979 394)
Cash and Cash Equivalents at Beginning of Period		40 628 928	46 608 325
Cash and Cash Equivalents at End of Period		23 466 967	40 628 931

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) listed below including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

Those standards of Grap and interpretations of such standards applicable to the operations of the municipality, is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 12	Inventory
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 18	Segmental Reporting
IGRAP 01	
IGRAP 03	
IGRAP 13	
IGRAP 14	
IPSAS 20	Related Parties

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2011 and 30 June 2012 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

(a) is required by a Standard of GRAP; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1. 2. 1 Revenue Recognition

Accounting Policy 12.2 on *Revenue from Exchange Transactions* and Accounting Policy 12.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

1. BASIS OF PRESENTATION (continued)

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2. 1 Revenue Recognition (continued)

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 2. 2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 8.1 on *Financial Assets Classification* and Accounting Policy 8.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in IAS 32: *Financial Instruments - Presentation* and IAS 39: *Financial Instruments - Recognition and Measurement*.

1. 2. 3 Impairment of Financial Assets

Accounting Policy 8.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*, and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness.

This was performed per service-identifiable categories across all classes of debtors.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1. 2. 4 Useful lives of Property, Plant and Equipment, Intangible assets and Investment property

As described in Accounting Policies 3.3, 4, 5 and 6 the municipality depreciates/ amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.
The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1. 2. 5 Impairment: Write down of Property, Plant and Equipment and Inventories

Accounting Policy 3.9 on PPE - Impairment of assets and Accounting Policy 5.2 on Intangible assets - Subsequent Measurement, Amortisation and Impairment and Accounting Policy 10.2 on Inventory - Subsequent measurement describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgment by management. During the year no impairments were made to PPE, intangible assets or inventory.

1. 2. 6 Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water after the depth of water in the reservoirs have been determined, which is then converted into volumes based on the total capacity of the reservoir. Refer to Note 10 of the accounting policy notes to the Annual Financial Statements.

1. 2. 7 Defined Benefit Plan Liabilities

As described in Accounting Policy 14, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 14 and 15 to the Annual Financial Statements.

1. 2. 8 Provisions and contingent liabilities

.....
The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of

1. 2. 9 Budget information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the annual financial statements

1. 3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

1. BASIS OF PRESENTATION (continued)

1. 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
GRAP 20 Related Party Disclosures (Revised)
GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 25 Employee Benefits - issued December 2009
GRAP 26 Impairment of Cash-generating Assets - issued March 2009
GRAP 103 Heritage Assets - issued July 2008
GRAP 104 Financial Instruments - issued October 2009
GRAP 105 Transfers between entities under common control - issued November 2010
GRAP 106 Transfers between entities not under common control - issued November 2010
GRAP 107 Mergers - issued November 2010

The Minister of Finance announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 and GRAP 104 will be effective for period starting after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality applied the principles established in the following Standards of GRAP that have been issued, but is not yet in effect, in developing an appropriate accounting policies dealing with the following transactions, but have not early adopted these Standards:

Impairment of Non-cash-generating Assets (GRAP 21 - issued March 2009)
Impairment of Cash-generating Assets (GRAP 26 - issued March 2009)
Revenue from Non-Exchange Transactions (GRAP 23 - issued February 2008)
Financial Instruments (GRAP 104 Financial Instruments - October 2009)

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

GRAP 18 - Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

GRAP 20 – Related party disclosures

The effective date of the standard has not been determined yet. The standard of GRAP on related parties will replace the IPSAS 20 standard on related party disclosure currently used. No significant impact on the financial statements of the Municipality is expected.

GRAP 21 – Impairment of Non-Cash Generating Assets

This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on that date. It determines the requirements and provides additional guidance on how to impair non-cash generating assets, being assets that are not held to generate any sort of commercial benefit. In particular, it provides guidance on how to determine an asset's recoverable service amount in the absence of any future cash flows. The Municipality has considered the principles set by this standard in developing its general asset impairment policy and therefore does not expect any significant changes in how assets will be accounted for or disclosed when the standard becomes effective.

GRAP 23 – Revenue from Non-Exchange Transactions

This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on that date. It determines the requirements and provides additional guidance on how to account for revenue from non-exchange transactions. In particular, it requires the entity to recognise revenue from grants received, to the extent that there are no further conditions attached to the grant that give rise to an obligation to repay. Most of the grants received by the Municipality are conditional grants and revenue is currently only recognised when the conditions associated with the respective grants are met and therefore it is not expected to have a significant impact on the financial statements when it becomes effective.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GRAP 24 – Presentation of Budget Information in the Annual Financial Statements

This standard becomes effective for years beginning on or after 1 April 2012. It determines the specific requirements and provides additional guidance on how to present a comparison between budgeted and actual amounts in the financial statements, as required by GRAP 1. This is expected to add significantly to the level of disclosures currently being provided.

GRAP 25 – Employee Benefits

This standard prescribes similar requirements to those in terms of IAS 19: Employee Benefits. Since IAS 19 has been applied in developing the current accounting policy, no significant impact on the financial statements of the Municipality is expected. This standard does not yet have an effective date.

GRAP 26 – Impairment of cash-generating assets

This standard becomes effective for years beginning on or after 1 April 2012 and will not be early adopted. It determines the requirements and provides additional guidance on how to impair cash generating assets, being assets that are expected to generate a commercial benefit. The standard requires a similar treatment to that currently required by IAS 36, the principles of which have already been incorporated into the accounting policies of the Municipality in the prior year. As a result, the impact of this standard becoming effective is expected to be limited.

GRAP 103 – Heritage Assets

This standard becomes effective for periods beginning on or after 1 April 2012 and has not been early adopted. It determines requirements for accounting for heritage assets. Heritage assets are defined as assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

GRAP 104 – Financial Instruments

This standard will introduce some relatively significant changes when compared to IAS 39, especially in the way financial assets are classified and treated. The key principles established by this standard have already been utilised to develop appropriate accounting policies for accounting for financial instruments and therefore it is not expected to have a significant impact on the financial statements when it becomes effective (refer accounting policy Note 8). This standard becomes effective for periods beginning on or after 1 April 2012 and has not been early adopted.

GRAP 105 – Transfer of Function Between Entities Under common Control

This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the Municipality's financial statements is not expected to be significant due to the fact that the Municipality rarely enters into such transactions. The standard is only expected to have an impact on the Municipality in respect of any future transfers of functions. This standard does not yet have an effective date.

GRAP 106 – Transfer of Function Between Entities Not Under common Control

This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Municipality will enter into any such transactions in the near future. This standard does not yet have an effective date.

GRAP 107 – Mergers

This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Municipality in the foreseeable future. This standard does not yet have an effective date.

CAMDEBOO MUNICIPALITY

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

2. ACCUMULATED SURPLUS

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

2. 1 Housing development fund/Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the Entity.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

2. 2 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalue buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on revalue amounts, are credited or charged to the Statement of Financial Performance.

2. 3 Other Reserves

The Entity creates and maintains reserves in terms of specific requirements.

2. 3 .1 Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed.

Profit on the sale of land is not transferred to the CRR, as it is regarded as revenue.

2. 3 .2 Capitalisation Reserve

On the implementation of GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, were transferred to a Capitalisation Reserve rather than the accumulated surplus/deficit, as in prior years, in terms of a directive (Circular No. 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation charge that will be incurred over the useful lives of these items of property, plant and equipment is offset by transfers from this reserve to the accumulated surplus/deficit.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/deficit.

2. 3 .3 Insurance reserve

A general insurance reserve has been established, and subject to reinsurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services, taking into account claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the Statement of Financial Performance. The net surplus or deficit on the insurance operating account is transferred to or from the insurance reserve via the Statement of Changes in Net Assets.

The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance, and is transferred to the insurance reserve via the Statement of Changes in Net Assets as a contribution.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

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 year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 1 Initial Recognition

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, excluding land, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition, land and buildings are carried at cost less accumulated depreciation and impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

3. 3 Depreciation

Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalue amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. 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 shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

CAMDEBOO MUNICIPALITY

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
Infrastructure		Buildings	30 - 100
Roads and Paving	30		
Electricity	20 - 30	Other	
Water	15 - 20	Specialist Vehicles	10
Sewerage	15 - 20	Other Vehicles	5
Landfill Sites	30	Office Equipment	3 - 7
		Furniture and Fittings	7 - 10
Community		Watercraft	15
Recreational Facilities	20 - 30	Bins and Containers	5
Security	5	Specialised Plant and Equipment	10 - 15
		Other Items of Plant and Equipment	2 - 5

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3. 5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3. PROPERTY, PLANT AND EQUIPMENT

3. 6 Land & Buildings

Undeveloped Land is not depreciated as it is deemed to have an indefinite useful life, buildings and other structures situated on developed land are depreciated less their residual value over their useful life.

3. 7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3. 8 Housing Development Fund Assets

The Housing Development Fund contains letting schemes that is included in Council's Property Plant and Equipment. All surpluses generated from the letting schemes are transferred to the Housing Development Fund.

3. 9 DE recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the DE recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2012 (and applied retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

4. INVESTMENT PROPERTY

4. 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;

- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
 - Property that is leased to another entity under a finance lease;
 - Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
 - Property held for strategic purposes or service delivery.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

4. INVESTMENT PROPERTY (continued)

4. 2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4. 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) 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.

5. IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

5. 1. Impairment of Cash generating assets

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

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

5. 2. Impairment of Non-Cash generating assets

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalue asset is treated as a revaluation decrease.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalue asset is treated as a revaluation increase.

Transitional provisions

The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2011 (and applied retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3 .

6. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual agreement . The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value methods and assumptions

6. FINANCIAL INSTRUMENTS (Continued)

Amortised cost

Amortised cost 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 for impairment or uncollectibility.

6. 1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial assets at fair value through profit and loss

CAMDEBOO MUNICIPALITY

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of IAS 39.09
Short-term Investment Deposits – Call	Held-to-maturity investments
Bank Balances and Cash	Loans and receivables
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held-to-maturity investments

6. FINANCIAL INSTRUMENTS (continued)

6. 1 Financial Assets - Classification (continued)

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

6. 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the

- | | |
|--|--|
| • Long-term Liabilities | Other financial liabilities (Financial liabilities measured at amortised cost) |
| • Certain Other Creditors (see note 9) | Other financial liabilities (Financial liabilities measured at amortised cost) |
| • Trade Creditors | Other financial liabilities (Financial liabilities measured at amortised cost) |
| • Accruals | Other financial liabilities (Financial liabilities measured at amortised cost) |
| • Consumer Deposits | Financial liabilities at fair value through profit and loss |
| • Payment received in advance | Other financial liabilities (Financial liabilities measured at amortised cost) |
| • Retention | Other financial liabilities (Financial liabilities measured at amortised cost) |
| • Staff Leave Accrued | Other financial liabilities (Financial liabilities measured at amortised cost) |

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives)

Any other financial liabilities are classified as "Other financial liabilities" in accordance with IAS 39.09

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

6. 3 Initial and Subsequent Measurement

6. 3. 1 Financial Assets:

Held-to-maturity Investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial assets at fair value through profit or loss are initially and subsequently recognised at fair value and changes in fair value recognised directly through profit or loss.

Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. .

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to Municipality entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as loans and receivables.

Available-for-Sale Financial Assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

6. 3. 2 Financial Liabilities:

Financial liabilities

Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

CAMDEBOO MUNICIPALITY

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Financial Liabilities held at amortised cost

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

Financial guarantee contract

Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when they are contractually due.

Financial guarantee contract liabilities are initially measured at fair value.

6. 4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

6. FINANCIAL INSTRUMENTS (continued)

6. 4 Impairment of Financial Assets

Available-for-sale financial assets

The amount of the cumulative loss that is removed from net assets and recognised in the Statement of Financial Performance is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in Statement of Financial Performance.

Impairment losses recognised in the Statement of Financial Performance for an investment in an equity instrument classified as available-for-sale are not reversed through the Statement of Financial Performance

Financial assets carried at amortised cost

Accounts receivables encompasses long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with IAS 39.64 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, 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 through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

6. 5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

6. 6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

7. INVENTORIES

7. 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

7. 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the **(weighted average)** method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Redundant and slow-moving inventories

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

8. REVENUE RECOGNITION

8. 1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

8. 2 Revenue from Exchange Transactions

8. 2. 1 Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

8. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.

8. 2. 3 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

8. 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

8. 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

8. 2. 6 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

8. 3 Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

8. 3. 1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

8. 3. 2 Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with management's best estimate of the probable inflows from the amounts not yet collected.

8. 3. 3 Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

CAMDEBOO MUNICIPALITY

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

8. 3. 4 Government Grants and receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional Grants and receipts

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

8. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

9. PROVISIONS

Provisions for environmental restoration, rehabilitation, restructuring costs and legal claims are recognised when the municipality has a present legal or constructive obligation as a result of past events, 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 best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's

10. EMPLOYEE BENEFITS

10. 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

10. 2 Post employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post employment plans.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

10. 2 1 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

10. 3 Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

10. 3. 1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

10. 3. 2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

10. 3. 3 Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 47 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

10. 3. 4 Defined benefit pension plans

The municipality has an obligation to provide Post-retirement pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

11. LEASES

Lease Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

11. 1 The Municipality as Lessee

Finance leases

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability

11. LEASES (continued)

11. 1 The Municipality as Lessee (continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

11. 2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

11. 3 Determining whether an arrangement contains a lease

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Municipality the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Municipality separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Municipality's incremental borrowing rate.

CAMDEBOO MUNICIPALITY

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

12. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

13. VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

14. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

15. IRREGULAR EXPENDITURE

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), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

16. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

17. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 33 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 33 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

CAMDEBOO MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

18. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

19. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

20. COMPARATIVE INFORMATION

20. 1 Current year comparatives:

Budgeted amounts have, in accordance with GRAP 1, been provided to these financial statements and forms part of the Annual Financial Statements.

20. 2 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

20. 3 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or under spending on line items. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan.

21. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

22. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

23. CAPITAL COMMITMENTS

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

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

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 2011
R R

1. GENERAL INFORMATION

Camdeboo Municipality (the municipality) is a local government institution in the Eastern Cape, and is one of nine local municipalities under the jurisdiction of the Cacadu District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a low capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2012.

2. INVENTORIES

Opening balance of inventories:	3 072 773	2 885 190
Consumable stores - at cost	2 962 269	2 791 915
Water	110 504	93 275
Additions:	4 352 452	3 390 042
Consumable stores	4 352 452	3 390 042
Water	-	-
Issued (expensed):	3 783 647	3 219 688
Consumable stores	3 783 647	3 219 688
Water	-	-
Closing balance of inventories:	3 641 578	3 055 544
Consumable stores	3 531 074	2 962 269
Water	110 504	93 275

Inventory has been restated to adhere to the recognition provisions for Water Inventory held by the municipality in terms of GRAP 12. Refer to Note 34.1 on "Change in Accounting Policy" for details of the restatement.

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

The cost of water production for the year amounted to R5.03 per kilolitre (2011: R4.05 per kilolitre).

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Service Debtors:	26 430 291	12 693 364	13 736 927
Electricity	10 108 294	3 307 181	6 801 113
Refuse	2 130 262	1 861 408	268 854
Sewerage	3 983 266	3 338 394	644 873
Water	10 208 469	4 186 382	6 022 087
Other Receivables	5 345 920	3 272 125	2 073 795
Housing	2 289 142	2 282 955	6 186
Meter readings not billed	2 153 232	-	2 153 232
Other Debtors	903 547	989 170	(85 623)
Total Receivables from Exchange Transactions	31 776 211	15 965 490	15 810 722

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R	
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Service Debtors:	22 111 415	13 829 636	8 281 779
Electricity	11 713 867	6 255 151	5 458 716
Refuse	1 377 809	927 667	450 142
Sewerage	2 623 007	1 766 048	856 959
Water	6 396 733	4 880 770	1 515 963
Other Receivables	7 727 281	4 237 869	3 489 412
Housing	5 148 991	3 463 387	1 685 604
Meter readings not billed	1 341 066	-	1 341 066
Other Debtors	1 237 223	774 482	462 741
Total Receivables from Exchange Transactions	29 838 696	18 067 505	11 771 191

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratio's of the municipality's Receivables.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	3 275 512	667 139	324 451	5 841 192	10 108 294
Less: Provision for Impairment	137 459	93 241	82 842	2 993 639	3 307 181
Net Balances	3 138 053	573 898	241 609	2 847 553	6 801 113
Refuse:					
Gross Balances	149 577	35 459	20 576	1 924 650	2 130 262
Less: Provision for Impairment	97 367	32 480	16 627	1 714 934	1 861 408
Net Balances	52 210	2 979	3 950	209 715	268 854
Sewerage:					
Gross Balances	196 860	90 840	66 203	3 629 363	3 983 266
Less: Provision for Impairment	138 756	84 121	53 624	3 061 892	3 338 394
Net Balances	58 104	6 719	12 579	567 471	644 873
Water:					
Gross Balances	688 405	585 900	508 290	8 425 874	10 208 469
Less: Provision for Impairment	174 002	118 029	104 865	3 789 486	4 186 382
Net Balances	514 404	467 871	403 424	4 636 388	6 022 087
Housing					
Gross Balances	-	37 935	10 243	2 240 964	2 289 142
Less: Provision for Impairment	-	31 748	10 243	2 240 964	2 282 955
Net Balances	-	6 187	-	-	6 187
Other Receivables:					
Gross Balances	1 490 897	34 813	10 231	1 520 838	3 056 778
Less: Provision for Impairment	-	21 974	10 231	956 965	989 170
Net Balances	1 490 897	12 838	(0)	563 873	2 067 608

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R
2011
R

As at 30 June Receivables of R15 810 721 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	5 801 251	1 452 085	939 995	23 582 880	31 776 211
Less: Provision for Impairment	547 584	381 592	278 432	14 757 881	15 965 490
Net Balances	5 253 667	1 070 493	661 562	8 824 999	15 810 721

As at 2011

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	2 808 882	476 605	280 776	8 147 604	11 713 867
Less: Provision for Impairment	1 499 930	254 505	149 933	4 350 783	6 255 151
Net Balances	1 308 952	222 100	130 843	3 796 821	5 458 716

Refuse:

Gross Balances	137 999	104 039	91 548	1 044 223	1 377 809
Less: Provision for Impairment	92 914	70 049	61 638	703 066	927 667
Net Balances	45 085	33 990	29 910	341 157	450 142

Sewerage:

Gross Balances	264 611	200 348	173 102	1 984 946	2 623 007
Less: Provision for Impairment	178 160	134 893	116 548	1 336 447	1 766 048
Net Balances	86 451	65 455	56 554	648 499	856 959

Water:

Gross Balances	737 233	580 787	538 721	4 539 992	6 396 733
Less: Provision for Impairment	562 516	443 146	411 049	3 464 058	4 880 770
Net Balances	174 717	137 641	127 672	1 075 934	1 515 963

Other Receivables:

Gross Balances	1 098 633	102 790	15 628	6 510 229	7 727 280
Less: Provision for Impairment	763 607	56 373	8 571	3 409 318	4 237 869
Net Balances	335 026	46 417	7 057	3 100 911	3 489 411

As at 30 June Receivables of R11 771 191 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	5 047 358	1 464 569	1 099 775	22 226 994	29 838 696
Less: Provision for Impairment	3 097 127	958 965	747 740	13 263 673	18 067 505
Net Balances	1 950 231	505 604	352 035	8 963 321	11 771 191

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011		
	R	R		
3.2 Summary of Receivables from Exchange Transactions by Customer Classification				
	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2012				
<i>Current:</i>				
0 - 30 days	2 740 991	1 119 945	(116 160)	136 809
<i>Past Due:</i>				
31 - 60 Days	792 911	90 416	579 340	22 946
61 - 90 Days	557 538	52 362	381 066	16 752
+ 90 Days	28 423 034	1 881 265	2 792 835	155 808
Sub-total	<u>32 514 474</u>	<u>3 143 988</u>	<u>3 637 082</u>	<u>332 315</u>
Less: Provision for Impairment	19 361 826	1 872 192	-	197 888
Total Trade Receivables by Customer Classification	<u>13 152 648</u>	<u>1 271 795</u>	<u>3 637 082</u>	<u>134 427</u>
	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 2011				
<i>Current:</i>				
0 - 30 days	2 209 517	709 934	(684 540)	57 598
<i>Past Due:</i>				
31 - 60 Days	1 156 479	133 457	964 895	15 002
61 - 90 Days	1 024 471	293 226	878 674	10 270
+ 90 Days	25 937 360	1 238 021	2 723 719	(361 375)
Sub-total	<u>30 327 827</u>	<u>2 374 638</u>	<u>3 882 748</u>	<u>(278 505)</u>
Less: Provision for Impairment	15 952 803	1 249 088	1 895 875	-
Total Trade Receivables by Customer Classification	<u>14 375 024</u>	<u>1 125 550</u>	<u>1 986 873</u>	<u>(278 505)</u>
3.3 Reconciliation of the Provision for Impairment				
Balance at beginning of year			18 067 505	12 888 420
Impairment Losses recognised			(2 102 015)	5 513 431
Impairment Losses reversed			-	(334 346)
Balance at end of year			<u>15 965 490</u>	<u>18 067 505</u>

In determining the recoverability of a Receivable, the municipality considers any change in the credit quality of the Receivable from the date credit was initially granted up to the reporting date. Furthermore, the municipality has also placed a strong emphasis on verifying the indigent status of consumers. The concentration of credit risk is limited due to the customer base being spread over a large number of consumers and is not concentrated in any particular sector or geographical area. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
3.4 Ageing of impaired Receivables from Exchange Transactions		
<i>Current:</i>		
0 - 30 Days	547 584	3 097 127
<i>Past Due:</i>		
31 - 60 Days	381 592	958 965
61 - 90 Days	278 432	747 740
+ 90 Days	14 737 840	13 263 673
Total	15 945 449	18 067 505

3.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Assessment Rates Debtors	9 626 517	7 566 704	2 059 813
Sundry Deposits	15 000	-	15 000
Sundry Debtors	109 194	-	109 194
Recoverable Works	84 445	-	84 445
Project Suspense Accounts	103 324	-	103 324
Other Suspense Accounts	388 865	-	388 865
Government Subsidies	22 240 718	-	22 240 718
Total Receivables from Non-exchange Transactions	32 568 064	7 566 704	25 001 360
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Assessment Rates Debtors	10 741 995	(6 202 233)	16 944 228
Sundry Deposits	15 000	-	15 000
Sundry Debtors	13 799	-	13 799
Recoverable Works	84 445	-	84 445
Other Suspense Accounts	201 012	-	201 012
Government Subsidies	7 629 825	-	7 629 825
Less: Provision for Impairment other than Assessment Rates	-	7 232 494	(7 232 494)
Total Receivables from Non-exchange Transactions	18 686 077	1 030 261	17 655 816

Sundry Deposits are in respect of cash deposits made to Eskom for the supply of electricity.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality. Included in Sundry Debtors is an amount of R2 320 058 (2011: R1 341 066) million in respect of the consumption of metered services not billed as at 30 June.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances	(127 766)	68 339	77 955	9 607 989	9 626 517
Less: Provision for Impairment	-	-	-	7 566 704	7 566 704
Net Balances	(127 766)	68 339	77 955	2 041 285	2 059 813
Sundry Deposits:					
Gross Balances	15 000	-	-	-	15 000
Less: Provision for Impairment	-	-	-	-	-
Net Balances	15 000	-	-	-	15 000
Sundry Debtors:					
Gross Balances	498 059	-	-	-	498 059
Less: Provision for Impairment	-	-	-	-	-
Net Balances	498 059	-	-	-	498 059
Projected Suspence Accounts					
Gross Balances	103 324	-	-	-	103 324
Less: Provision for Impairment	-	-	-	-	-
Net Balances	103 324	-	-	-	103 324
Government Grants					
Gross Balances	22 240 718	-	-	-	22 240 718
Less: Provision for Impairment	-	-	-	-	-
Net Balances	22 240 718	-	-	-	22 240 718
Recoverable Works:					
Gross Balances	84 445	-	-	-	84 445
Less: Provision for Impairment	-	-	-	-	-
Net Balances	84 445	-	-	-	84 445

As at 30 June 2012 Receivables of R25 001 360 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	22 813 781	68 339	77 955	9 607 989	32 568 064
Less: Provision for Impairment	-	-	-	7 566 704	7 566 704
Net Balances	22 813 781	68 339	77 955	2 041 285	25 001 360

As at 30 June 2011

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances	(1 413 483)	805 266	1 106 860	10 243 353	10 741 995
Less: Provision for Impairment	-	542 179	745 239	5 945 076	7 232 494
Net Balances	(1 413 483)	263 087	361 621	4 298 277	3 509 501
Government Subsidy Claims:					
Gross Balances	7 629 825	-	-	-	7 629 825
Less: Provision for Impairment	-	-	-	-	-
Net Balances	7 629 825	-	-	-	7 629 825
Sundry Deposits:					
Gross Balances	15 000	-	-	-	15 000
Less: Provision for Impairment	-	-	-	-	-
Net Balances	15 000	-	-	-	15 000
Sundry Debtors:					
Gross Balances	214 812	-	-	-	214 812
Less: Provision for Impairment	-	-	-	-	-
Net Balances	214 812	-	-	-	214 812
Recoverable Works:					
Gross Balances	84 445	-	-	-	84 445
Less: Provision for Impairment	-	-	-	-	-
Net Balances	84 445	-	-	-	84 445

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

As at 30 June 2011 Receivables of R11 453 583 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	6 530 599	805 266	1 106 860	10 243 353	18 686 077
Less: Provision for Impairment	-	542 179	745 239	5 945 076	7 232 494
Net Balances	6 530 599	263 087	361 621	4 298 277	11 453 583

4.2 Summary of Assessment Rates Debtors by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2012				
<u>Current:</u>				
0 - 30 days	573 651	(115 075)	(569 906)	(16 437)
<u>Past Due:</u>				
31 - 60 Days	54 106	10 497	429	3 307
61 - 90 Days	24 888	6 486	43 911	2 670
+ 90 Days	7 969 639	1 120 319	387 346	130 685
Sub-total	8 622 284	1 022 227	(138 220)	120 225
Less: Provision for Impairment	6 681 416	803 498	-	94 500
Total Rates Debtors by Customer Classification	1 940 868	218 729	(138 220)	25 725
As at 2011				
<u>Current:</u>				
0 - 30 days	26 635	(152 455)	(1 247 173)	(40 490)
<u>Past Due:</u>				
31 - 60 Days	189 715	44 956	565 847	4 748
61 - 90 Days	257 156	238 469	606 788	4 447
+ 90 Days	8 147 896	694 789	1 341 038	59 630
Sub-total	8 621 402	825 759	1 266 500	28 335
Less: Provision for Impairment	5 804 717	555 976	852 724	19 078
Total Rates Debtors by Customer Classification	2 816 685	269 782	413 776	9 257

2012/13
R

2011/12
R

4.3 Reconciliation of Provision for Impairment

Balance at beginning of year	1 030 261	6 581 678
Impairment Losses recognised	334 210	650 815
Impairment Losses reversed	6 202 233	(6 202 233)
Balance at end of year	7 566 704	1 030 261

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

5. VAT RECEIVABLE

Vat Receivable	1 531 354	3 621 584
Vat Receivable	1 531 354	3 621 584

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
6. CASH AND CASH EQUIVALENTS		
Current Investments	23 165 260	40 392 882
Bank Accounts	299 668	234 006
Cash and Cash Equivalents	2 040	2 040
Total Bank, Cash and Cash Equivalents	23 466 968	40 628 928

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Call Deposits	23 165 260	40 392 882
Total Current Investment Deposits	23 165 260	40 392 882

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5.10 % to 5,75 % (2011: 5% to 7,50%) per annum.

ABSA Money Market Acc 925 7114 251; ABSA Call Account 907 187 0653, ABSA Acc 380 036 512 47; Investec Acc 110 045 8805 and Standard Bank Acc 288 540 867 004

Deposits attributable to Unspent Conditional Grants	4 697 915	8 018 815
Deposits attributable to Capital Replacement Reserve.	5 000 000	5 000 000
Deposits attributable to Creditors	9 365 420	10 393 852
Deposits attributable to Current Provisions	2 333 762	2 564 947
Deposits attributable to Consumer Deposits	1 466 482	1 377 051
Deposits attributable to Rehabilitation of Landfill Site	301 681	9 295 000
Deposits attributable to Long-service Awards	-	2 028 477
Deposits attributable to Retirement Benefits	-	1 714 740
Total Deposits attributable to Commitments of the Municipality	23 165 260	40 392 882

6.2 Bank Accounts

Cash in Bank	299 668	234 006
Total Bank Accounts	299 668	234 006

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
The Municipality has the following bank accounts:		
Primary Bank Account		
<i>First Nasiona Bank - Account Number 52300007898:</i>		
Cash book balance at beginning of year	234 006	-
Cash book balance at end of year	<u>299 668</u>	<u>234 006</u>
Bank statement balance at beginning of year	6 019 078	2 349 691
Bank statement balance at end of year	<u>936 192</u>	<u>6 019 078</u>
<i>ABSA -Aberdeen - Account Number 4053048940</i>		
Bank statement balance at beginning of year	5 542	18 183
Bank statement balance at end of year	<u>7 069</u>	<u>5 542</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

6.3 Cash and Cash Equivalents

Cash Floats and Advances	2 040	2 040
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>2 040</u>	<u>2 040</u>

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2012

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2011	83 257 777	506 438 358	3 137 087	12 254 442	605 087 664
Cost	102 407 450	527 874 508	18 154 058	25 471 070	673 907 086
- Completed Assets	102 407 450	516 097 012	18 154 058	25 471 070	662 129 590
- Under Construction	-	11 777 496	-	-	11 777 496
Accumulated Depreciation:	(19 149 673)	(21 436 150)	(15 016 971)	(13 216 628)	(68 819 422)
- Cost	(19 149 673)	(21 436 150)	(15 016 971)	(13 216 628)	(68 819 422)
Acquisitions	-	42 632 890	-	5 129 016	47 761 906
Capital under Construction - Additions:	-	4 097 100	-	-	4 097 100
- Cost	-	4 097 100	-	-	4 097 100
Additions	-	4 097 100	-	-	4 097 100
Depreciation:	(236 279)	(21 446 686)	(295 439)	(2 741 854)	(24 720 258)
- Based on Cost	(236 279)	(21 446 686)	(295 439)	(2 741 854)	(24 720 258)
- Based on Revaluation	-	-	-	-	-
Other Movements	-	(10 853 730)	-	0	(10 853 730)
- Cost	-	(10 853 730)	-	-	(10 853 730)
Carrying values at 30 June 2012	83 021 498	520 867 933	2 841 648	14 641 604	621 372 683
Cost	102 407 450	563 750 769	18 154 058	30 600 086	714 912 362
- Completed Assets	102 407 450	547 876 173	18 154 058	30 600 086	699 037 766
- Under Construction	-	15 874 596	-	-	15 874 596
Accumulated Depreciation:	(19 385 952)	(42 882 836)	(15 312 410)	(15 958 482)	(93 539 680)
- Cost	(19 385 952)	(42 882 836)	(15 312 410)	(15 958 482)	(93 539 680)

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2011

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2010	83 494 056	504 401 471	3 432 526	12 449 319	603 777 372
Cost	102 407 450	504 644 610	18 154 058	23 423 489	648 629 607
- Completed Assets	102 407 450	504 644 610	18 154 058	23 423 489	648 629 607
Accumulated Depreciation:	(18 913 394)	(243 138)	(14 721 531)	(10 974 171)	(44 852 235)
- Cost	(18 913 394)	(243 138)	(14 721 531)	(10 974 171)	(44 852 235)
Acquisitions	-	11 452 403	-	2 047 581	13 499 984
Capital under Construction - Additions:	-	11 777 496	-	-	11 777 496
- Cost	-	11 777 496	-	-	11 777 496
Depreciation:	(236 279)	(21 193 011)	(295 439)	(2 242 457)	(23 967 187)
- Based on Cost	(236 279)	(21 193 011)	(295 439)	(2 242 457)	(23 967 187)
- Based on Revaluation	-	-	-	-	-
Carrying values at 30 June 2011	83 257 777	506 438 358	3 137 087	12 254 442	605 087 664
Cost	102 407 450	527 874 508	18 154 058	25 471 070	673 907 086
- Completed Assets	102 407 450	516 097 012	18 154 058	25 471 070	662 129 590
- Under Construction	-	11 777 496	-	-	11 777 496
Accumulated Depreciation:	(19 149 673)	(21 436 150)	(15 016 971)	(13 216 628)	(68 819 422)
- Cost	(19 149 673)	(21 436 150)	(15 016 971)	(13 216 628)	(68 819 422)

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
8 INVESTMENT PROPERTY		
At Cost less Accumulated Depreciation	<u>4 678 653</u>	<u>5 038 137</u>
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July	5 038 137	5 397 622
Cost	11 651 600	11 651 600
Accumulated Depreciation	(6 613 463)	(6 253 978)
Acquisitions during the Year	-	-
Depreciation during the Year	(359 485)	(359 485)
Carrying values at 30 June	4 678 653	5 038 137
Cost	11 651 600	11 651 600
Accumulated Depreciation	(6 972 947)	(6 613 463)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise all the Investment Property in accordance with GRAP 16 for the financial years up to 30 June 2012.

The municipality has identified and measured all Investment Property in terms of GRAP 16 for the financial year ended 30 June 2012. The balances of the Investment Property have been accordingly restated retrospectively. In 2010/11 the following classes of assets were not recognised/measured in accordance with GRAP 16:

- Land;
- Buildings.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations on Investment Property.		
Refer to Appendix "C" for more detail on Investment Property.		

8.1 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

9 CONSUMER DEPOSITS

Electricity and Water	1 466 482	1 377 051
Total Consumer Deposits	1 466 482	1 377 051

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

10 PROVISIONS

Performance Bonuses	436 241	342 370
Staff Bonusses	1 411 547	1 238 173
Total Provisions	1 847 788	1 580 543

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in provisions are reconciled as follows:

Current Provisions:

Performance Bonuses:

Balance at beginning of year	342 370	205 422
Contributions to provision	(118 997)	(142 070)
Expenditure incurred	212 868	279 018
Balance at end of year	436 241	342 370

Staff Bonusses

Balance at beginning of year	1 238 173	1 431 713
Contributions to provision	2 605 687	2 021 131
Expenditure incurred	(2 432 313)	(2 214 671)
Balance at end of year	1 411 547	1 238 173

Current Portion of Non-Current Provisions:

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
	Long-term Service	Post-retirement
	R	R
30 June 2012		
Balance at beginning of year	-	620 634
Transfer from non-current	-	706 140
Expenditure incurred	(706 140)	(706 140)
Balance at end of year	(85 506)	706 140
30 June 2011		
Balance at beginning of year	-	285 119
Transfer from non-current	-	620 634
Expenditure incurred	-	(285 119)
Balance at end of year	620 634	706 140

11 PAYABLES

Trade Creditors	5 388 296	6 622 368
Accruals	884 873	524 400
Payments received in Advance	30 329	698 201
Retentions	-	82 086
VAT provisional suspense account	3 316 992	2 983 451
Staff Leave Accrued	2 823 722	2 466 796
Unidentified Deposits	709 172	988 215
Other Creditors	238 200	1 438
Total Payables	13 391 584	14 366 956

Staff Leave accrue to the staff of the municipality on an monthly basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

12.1 Conditional Grants from Government

	4 383 106	4 159 137
National Government Grants	3 701 639	3 294 106
Local Government Grants	681 467	865 032

12.2 Other Conditional Receipts

	314 808	3 859 677
Public Contributions	314 808	3 859 677
Total Conditional Grants and Receipts	4 697 915	8 018 815

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 18 for the reconciliation of Grants from Government . The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld."

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
13 CURRENT PORTION OF EMPLOYMENT BENEFIT LIABILITIES		
Current portion of employment benefit liabilities	<u>1 326 774</u>	<u>1 326 774</u>
14 OPERATING LEASE LIABILITIES		
Balance at beginning of year	2 186	25 744
Total Operating Lease Liabilities	<u>2 186</u>	<u>25 744</u>
14.1 Amounts payable under Operating Leases		
Other Equipment:	374 015	583 173
Up to 1 year	374 015	255 089
2 to 5 years	-	328 084
Total Operating Lease Arrangements	<u>374 015</u>	<u>583 173</u>
15 Employee Benefit Liabilities		
Post-retirement Health Care Benefits Liability	18 285 863	16 663 950
Provision for Long Service Awards	<u>2 819 152</u>	<u>2 028 477</u>
	<u>21 105 015</u>	<u>18 692 427</u>
15.1 Post-retirement Health Care Benefits Liability		
Balance at beginning of Year	17 370 090	14 460 236
Contributions to Provision	1 621 913	2 909 854
Balance at end of Year	<u>18 992 003</u>	<u>17 370 090</u>
Transfer to Current Provisions	(706 140)	(706 140)
Total Post-retirement Health Care Benefits Liability	<u>18 285 863</u>	<u>16 663 950</u>
<p>The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.</p>		
<p>The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.</p>		
<p>The members of the Post-employment Health Care Benefit Plan are made up as follows:</p>		
In-service Members (Employees)	151	161
In-service Non-members (Employees)	162	141
Continuation Members (Retirees, widowers and orphans)	26	29
Total Members	<u>339</u>	<u>331</u>
<p>The liability in respect of past service has been estimated as follows:</p>		
In-service Members	8 131 445	6 898 444
Continuation Members	10 154 418	10 471 646
Total Liability	<u>18 285 863</u>	<u>17 370 090</u>
<p>The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:</p> <ul style="list-style-type: none"> - Bonitas - Hosmed - Keyhealth - LA Health - Samwumed 		

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R		
<p>The Current-service Cost for the year ending 30 June 2012 is estimated to be R536 457, whereas the cost for the ensuing year is estimated to be R596 500 (30 June 2011: R426 351 and R536 457 respectively).</p>				
<p>The principal assumptions used for the purposes of the actuarial valuations were as follows:</p>				
Discount Rate	7.75%	8.60%		
Health Care Cost Inflation Rate	6.84%	7.26%		
Net Effective Discount Rate	0.86%	1.25%		
Expected Retirement Age - Females	63	63		
Expected Retirement Age - Males	63	63		
<p>Movements in the present value of the Defined Benefit Obligation were as follows:</p>				
Balance at the beginning of the year	17 370 090	14 460 236		
Current service costs	536 457	426 351		
Interest cost	1 463 343	1 301 964		
Benefits paid	(706 140)	(635 364)		
Actuarial losses / (gains)	(377 887)	1 816 903		
Present Value of Fund Obligation at the end of the Year	18 285 863	17 370 090		
Actuarial losses / (gains) unrecognised	-	-		
Total Recognised Benefit Liability	18 285 863	17 370 090		
<p>The amounts recognised in the Statement of Financial Position are as follows:</p>				
Present value of fund obligations	18 285 863	17 370 090		
Unfunded Accrued Liability	18 285 863	17 370 090		
Unrecognised Actuarial Gains / (Losses)	-	-		
Total Benefit Liability	18 285 863	17 370 090		
<p>The amounts recognised in the Statement of Financial Performance are as follows:</p>				
Current service cost	536 457	426 351		
Interest cost	1 463 343	1 301 964		
Actuarial losses / (gains)	(377 887)	1 816 903		
Total Post-retirement Benefit included in Employee Related Costs (Note 25)	1 621 913	3 545 218		
<p>The history of experienced adjustments is as follows:</p>				
	2012 R	2011 R	2010 R	2009 R
Present Value of Defined Benefit Obligation	18 285 863	17 370 090	14 460 236	13 148 689
Deficit	18 285 863	17 370 090	14 460 236	13 148 689
Experienced adjustments on Plan Liabilities	(377 887)	1 816 903	332 657	-
<p>In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.</p>				

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	367 800	136 400
Effect on the defined benefit obligation	2 898 137	2 040 600
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(292 400)	(287 000)
Effect on the defined benefit obligation	(2 362 863)	(1 489 000)

The municipality expects to make a contribution of R5 310 million (2011: R5 310 million) to the Defined Benefit Plans during the next financial year.

The movement in Non-current Provisions are reconciled as follows:

	Long-service Awards	
	R	
30 June 2012		
Balance at beginning of year	2 649 111	
Contributions to provision	790 675	
Increase due to discounting	-	
	3 439 786	
Transfer to current provisions	(620 634)	
Balance at end of year	2 819 152	
	Long-service Awards	
	R	
30 June 2011		
Balance at beginning of year	1 884 409	
Contributions to provision	764 702	
	2 649 111	
Transfer to current provisions	(620 634)	
Balance at end of year	2 028 477	

15.2 Long Service Awards

A Long- service award is granted to municipal employees after the completion of fixed periods of continuous service with the municipality. The provision represents an estimation of the awards to which employees in the service of the municipality may become entitled to in the future, based on an actuarial valuation performed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 314 (2011: 316) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2012 is estimated to be R301 739, whereas the cost for the ensuing year is estimated to be R345 601 (30 June 2011: R304 831 and R301 739 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	6.40%	7.88%
Cost Inflation Rate	5.97%	6.24%
Net Effective Discount Rate	0.41%	1.35%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	2 649 111	2 169 528
Current service costs	301 739	304 831
Interest cost	180 064	184 229
Benefits paid	(620 634)	(285 119)
Actuarial losses / (gains)	308 872	275 642
Present Value of Fund Obligation at the end of the Year	2 819 152	2 649 111
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	2 819 152	2 649 111

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 819 152	2 649 111
Unfunded Accrued Liability	2 819 152	2 649 111
Total Benefit Liability	2 819 152	2 649 111

The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	301 739	304 831
Interest cost	180 064	184 229
Actuarial losses / (gains)	308 872	275 642
Total Post-retirement Benefit included in Employee Related Costs (Note N/A)	790 675	764 702

The history of experienced adjustments is as follows:

	2012	2011	2010	2009
	R	R	R	R
Present Value of Defined Benefit Obligation	2 819 152	2 649 111	2 169 528	2 088 075
Deficit	2 819 152	2 649 111	2 169 528	2 088 075
Experienced adjustments on Plan Liabilities	118 317	96 249	(23 929)	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2012	2011
	R	R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	29 861	385 673
Effect on the defined benefit obligation	197 848	514 673
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(26 655)	(346 979)
Effect on the defined benefit obligation	(178 152)	(465 979)

The municipality expects to make a contribution of R1 231 million (2011: R1 231 million) to the defined benefit plans during the next financial year.

16 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Land-fill Sites	8 500 000	9 295 000
Total Non-current Provisions	8 500 000	9 295 000

The movement in Non-current Provisions are reconciled as follows:

	Land-fill Sites
	R
30 June 2012	
Balance at beginning of year	9 295 000
Contributions to provision	-
Increase due to discounting	(795 000)
Expenditure incurred	-
	<u>8 500 000</u>
Transfer to current provisions	-
Balance at end of year	8 500 000
	Land-fill Sites
	R
30 June 2011	
Balance at beginning of year	6 781 800
Contributions to provision	4 633 307
Expenditure incurred	(2 120 107)
	<u>9 295 000</u>
Balance at end of year	9 295 000

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R **2011**
R

16.1 Rehabilitation of Land-fill Sites

- : Future cost of rehabilitation closely matches the actual cost incurred on recent site rehabilitation.
- : Cost estimates of the site are based on the site sizes in hectares and assumes a linear cost equivalency
- : Estimated future cost escalations over site rehabilitation are expected to equal the fair time value of money.

17 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2012 R000's	July 2011 R000's		
Residential	1 206 513 163	1 206 791 600	5 541 991	7 391 804
Commercial	400 327 337	405 471 300	3 866 006	3 525 592
Industrial	33 527 400	34 896 400	357 055	219 398
Agricultural	1 559 273 899	988 837 461	1 671 129	928 026
State	411 669 500	414 083 500	4 063 910	3 671 563
Municipal	139 692 800	154 222 500	-	-
Multiple	16 885 400	12 581 700	128 482	224 143
Exempted Properties	115 832 700	122 247 500	-	-
Total Property Rates	3 883 722 199	3 339 131 961	15 628 573	15 960 526
				1 062 804.22

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2009.

Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

- Residential Properties: 0,0052 c/R (2010/11: 0,005 c/R)
- Business Properties: .0105 c/R (2010/11: .010 c/R)
- Agricultural Properties: 0,0013 c/R (2010/11: 0,00125 c/R)

Rates are levied monthly on property owners and are payable the 16 th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

2012
R **2011**
R

18 GOVERNMENT GRANTS AND SUBSIDIES

18.2 National Equitable Share	31 156 000	29 339 213
18.25 Provincial Health Subsidies	974 445	2 165 446
18.1 Housing Projects	600 873	4 058
18.8 Local Economic Development Office	493 789	234 621
18.12 Vuna Awards	-	192 420
18.13 Fonteinbos	63 313	40 577
18.14 Review of Water Service Development Plan	-	151 754
18.15 Water Conservation and Demand Management Plan	-	217 226
18.16 Aloe Project	-	47 616
18.17 Free Protestant Church Cemetary	2 330	5 526
18.19 Laing Estate	-	408 628
18.21 Voting Stations	61 021	25 909
18.23 Library Grant	59 660	-
18.24 Cacadu District Municipality Grant	375 000	-
18.26 SETA Training Grant	113 262	121 113
18.28 EPWP	870 871	-
Operational Grants	34 770 565	32 954 107

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
Conditional Grants	36 231 274	22 885 981
18.3 National: FMG	1 998 214	2 985 583
18.4 National: MIG	23 216 541	16 207 117
18.5 National: MSIG	790 000	790 570
18.6 National: IDP	68 693	21 326
18.7 National: Minerals and Energy	4 545 892	2 484 453
18.27 Water Affairs	1 405 479	-
18.9 National: National Treasury	663 917	396 932
18.22 Other Government: National Lottery Fund	3 542 539	-
Total Government Grants and Subsidies	71 001 839	55 840 088

Operational Grants:

18.1 Housing Projects

Balance unspent at beginning of year	600 873	604 931
Conditions met - transferred to Revenue: Operating expenses	(600 873)	(4 058)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities see Note 12	-	600 873

Conditional Grants:

18.2 National: Equitable Share

Balance unspent at beginning of year	-	-
Current year receipts	31 156 000	29 339 213
Conditions met - transferred to Revenue: Operating Expenses	(31 156 000)	(29 339 213)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R156 (2011: R156), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month. No funds have been withheld.

18.3 National: FMG Grant

Balance unspent at beginning of year	-	985 583
Current year receipts	2 036 000	2 000 000
Conditions met - transferred to Revenue: Operating Expenses	(1 830 044)	(2 359 176)
Conditions met - transferred to Revenue: Capital Expenses	(168 170)	(626 407)
Conditions still to be met - transferred to Liabilities see Note 12	37 786	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

18.4 National: MIG Funds

Balance unspent at beginning of year	(7 330 650)	1 346 269
Current year receipts	11 856 250	7 530 198
Conditions met - transferred to Revenue: Operating Expenses	-	(6 247 227)
Conditions met - transferred to Revenue: Capital Expenses	(23 216 541)	(9 959 890)
Conditions met - transferred to Revenue: Projects in Progress	-	-
Conditions met. Balance due by government - transferred to current assets (see Note 4)	(18 690 941)	(7 330 650)

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
18.5 National: MSIG Funds		
Balance unspent at beginning of year	-	40 570
Current year receipts	790 000	750 000
Conditions met - transferred to Revenue: Operating Expenses	<u>(790 000)</u>	<u>(790 570)</u>
	<u>-</u>	<u>-</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

18.6 Integrated Development Plan

Balance unspent at beginning of year	431 136	372 962
Current year receipts	50 000	79 500
Conditions met - transferred to Revenue: Operating Expenses	(68 693)	(17 124)
Conditions met - transferred to Revenue: Capital Expenses	-	(4 202)
Conditions still to be met - transferred to Liabilities see Note 12	<u>412 443</u>	<u>431 136</u>

18.7 National: Department Minerals and Energy (DME)

Balance unspent at beginning of year	-	2 484 453
Current year receipts	1 000 000	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(4 545 892)	(2 241 261)
Conditions met - transferred to Revenue: Projects in progress	-	(243 192)
Conditions met. Balance due by government - transferred to current assets (see Note 4)	<u>(3 545 892)</u>	<u>-</u>

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

18.8 Local Economic Development Office

Balance unspent at beginning of year	426 526	311 147
Current year receipts	371 245	350 000
Conditions met - transferred to Revenue: Operating Expenses	(491 815)	(227 166)
Conditions met - transferred to Revenue: Capital Expenses	(1 974)	(7 455)
Conditions still to be met - transferred to Liabilities see Note 12	<u>303 982</u>	<u>426 526</u>

18.9 National: MIG - Project Management Unit

Balance unspent at beginning of year	335 420	732 349
Current year receipts	1 116 750	-
Conditions met - transferred to Revenue: Operating Expenses	(656 685)	(384 248)
Conditions met - transferred to Revenue: Capital Expenses	(7 232)	(12 681)
Conditions still to be met - transferred to Liabilities see Note 12	<u>788 253</u>	<u>335 420</u>

Expenses were incurred to promote rural development. No funds have been withheld.

18.10 Thina Sinako

Balance unspent at beginning of year	<u>7 906</u>	<u>7 906</u>
Conditions still to be met - transferred to Liabilities see Note 12	<u>7 906</u>	<u>7 906</u>

18.11 Town Planning Project

Balance unspent at beginning of year	<u>166 455</u>	<u>166 455</u>
Conditions still to be met - transferred to Liabilities see Note 12	<u>166 455</u>	<u>166 455</u>

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
18.12 Vuna Awards		
Balance unspent at beginning of year	-	2 420
Current year receipts	105 000	190 000
Conditions met - transferred to Revenue: Operating Expenses	-	(192 420)
Conditions still to be met - transferred to Liabilities see Note 12	<u>105 000</u>	<u>-</u>
18.13 Fonteimbos		
Balance unspent at beginning of year	1 870 656	1 911 233
Conditions met - transferred to Revenue: Operating Expenses	(63 313)	(40 577)
Conditions still to be met - transferred to Liabilities see Note 12	<u>1 807 343</u>	<u>1 870 656</u>
18.14 Review of Water Service Development Plan		
Balance unspent at beginning of year	23 246	175 000
Conditions met - transferred to Revenue: Operating Expenses	-	(151 754)
Conditions still to be met - transferred to Liabilities see Note 12	<u>23 246</u>	<u>23 246</u>
18.15 Water Conservation and Demand Management Plan		
Balance unspent at beginning of year	32 774	250 000
Conditions met - transferred to Revenue: Operating Expenses	-	(217 226)
Conditions still to be met - transferred to Liabilities see Note 12	<u>32 774</u>	<u>32 774</u>
18.16 Aloe Project		
Balance unspent at beginning of year	29 479	77 095
Conditions met - transferred to Revenue: Operating Expenses	-	(47 616)
Conditions still to be met - transferred to Liabilities see Note 12	<u>29 479</u>	<u>29 479</u>
18.17 Free Protestant Church Cemetary		
Balance unspent at beginning of year	11 072	16 598
Conditions met - transferred to Revenue: Operating Expenses	(2 330)	(5 526)
Conditions still to be met - transferred to Liabilities see Note 12	<u>8 742</u>	<u>11 072</u>
18.18 Cradock Street Cemetary		
Balance unspent at beginning of year	19 126	19 126
Conditions still to be met - transferred to Liabilities see Note 12	<u>19 126</u>	<u>19 126</u>
18.19 Laing Estate		
Balance unspent at beginning of year	-	408 628
Conditions met - transferred to Revenue: Operating Expenses	-	(183 008)
Conditions met - transferred to Revenue: Capital Expenses	-	(225 620)
Conditions still to be met - transferred to Liabilities see Note 12	<u>-</u>	<u>-</u>

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
18.20 Comprehensive Infrastructure Plan		
Balance unspent at beginning of year	189 756	189 756
Conditions still to be met - transferred to Liabilities see Note 12	<u>189 756</u>	<u>189 756</u>
18.21 Voting Stations		
Balance unspent at beginning of year	74 389	100 000
Conditions met - transferred to Revenue: Operating Expenses	(56 022)	-
Conditions met - transferred to Revenue: Capital Expenses	(4 999)	(25 909)
Other Adjustments/Refunds	-	298
Conditions still to be met - transferred to Liabilities see Note 12	<u>13 368</u>	<u>74 389</u>
18.22 Lotto		
Balance unspent at beginning of year	3 800 000	3 800 000
Conditions met - transferred to Revenue: Operating Expenses	(3 542 539)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities see Note 12	<u>257 461</u>	<u>3 800 000</u>
18.23 Library Grant		
Balance unspent at beginning of year	(299 175)	-
Current year receipts	354 951	-
Conditions met - transferred to Revenue: Operating Expenses	(43 493)	-
Conditions met - transferred to Revenue: Capital Expenses	(16 167)	-
Other Adjustments/Refunds	-	(299 175)
Conditions met. Balance due by government - transferred to current assets (see Note 4)	<u>(3 885)</u>	<u>(299 175)</u>
18.24 Cacadu District Municipality Grant		
Balance unspent at beginning of year	-	-
Current year receipts	375 000	-
Conditions met - transferred to Revenue: Operating Expenses	(375 000)	-
	<u>(0)</u>	<u>-</u>
18.25 State Health Grant		
Balance unspent at beginning of year	-	-
Current year receipts	974 445	2 165 446
Conditions met - transferred to Revenue: Operating Expenses	(974 445)	(2 165 446)
	<u>-</u>	<u>-</u>
18.26 SETA Training Grant		
Balance unspent at beginning of year	-	-
Current year receipts	113 262	121 113
Conditions met - transferred to Revenue: Operating Expenses	(113 262)	(121 113)
	<u>-</u>	<u>-</u>

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
18.27 Water Affairs		
Balance unspent at beginning of year	-	-
Current year receipts	1 900 271	-
Conditions met - transferred to Revenue: Operating Expenses	(1 405 479)	-
Conditions still to be met - transferred to Liabilities see Note 12	<u>494 792</u>	<u>-</u>

18.28 EPWP		
Balance unspent at beginning of year	-	-
Current year receipts	870 871	-
Conditions met - transferred to Revenue: Operating Expenses	(870 871)	-
	<u>-</u>	<u>-</u>

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2012), government grant funding is expected to increase over the forthcoming three financial years.

19 PUBLIC CONTRIBUTIONS AND DONATIONS

Other Donations	1 600 149	172 765
Total Public Contributions and Donations	<u>1 600 149</u>	<u>172 765</u>

20 SERVICE CHARGES

Sale of Electricity	57 753 065	43 691 997
Sale of Water	17 216 218	7 441 113
Refuse Removal	4 415 327	1 829 475
Sewerage and Sanitation Charges	7 791 719	6 409 883
Other Service Charges	721 558	701 986
Total Service Charges	<u>87 897 887</u>	<u>60 074 454</u>
	19 953.72	

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

21 RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Amenities	70 601	54 543
Rental Revenue from Buildings	61 193	32 398
Rental Revenue from Halls	179 553	153 206
Rental Revenue from Land	93 312	114 635
Rental Revenue from Other Facilities	216 087	168 680
Total Rental of Facilities and Equipment	<u>620 746</u>	<u>523 462</u>
	(9 313.16)	

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
22 INTEREST EARNED		
External Investments:		
Bank Account	195 957	96 281
Investments	2 268 632	3 051 141
Other Deposits	-	(173 916)
	<u>2 464 589</u>	<u>2 973 506</u>
	435 253.77	
Outstanding Debtors:		
Long-term Debtors	966	2 655
Outstanding Billing Debtors	2 768 955	2 001 409
	<u>2 769 922</u>	<u>2 004 064</u>
	8 142.79	
Total Interest Earned	<u>5 234 511</u>	<u>4 977 570</u>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	195 957	(77 634)
Held-to-Maturity Investments	2 268 632	3 051 141
Loans and Receivables	2 769 922	2 004 064
	<u>5 234 511</u>	<u>4 977 570</u>

23 OTHER REVENUE

Bulk Contributions	59 509	37 526
Insurance Claims	438 513	261 304
Printing, Stationary And Registration	93 757	79 378
Sundry Income	173 993	80 164
Tender Documents	19 136	66 920
Work Done For Private Persons	421 995	250 868
Interdepartmental Charges	80 138	196 613
Total Other Revenue	<u>1 287 041</u>	<u>972 772</u>
	(1.00)	

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 16 to 21, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

24 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	36 076 701	33 440 808
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	8 565 576	8 231 289
Group Life	419 900	424 994
Medical	2 348 575	2 419 668
Pension	5 485 513	5 082 722
UIF	311 588	303 906
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 280 196	912 372
Allowances	1 280 196	912 372
Housing Benefits and Allowances	118 279	108 791
Overtime Payments	1 615 209	1 467 104
Performance Bonuses	1 160 953	(193 540)
Defined Benefit Plan Expense:	2 412 588	3 389 437
Current Service Cost	838 196	-
Interest Cost	1 643 407	-
Net Actuarial (gains)/losses recognised	(69 015)	3 389 437
Total Employee Related Costs	<u>51 229 502</u>	<u>47 356 261</u>
	(132 586.63)	56 592.00

Furthermore, *Employee Related Costs* have been restated to correctly classify expenditure incurred for Medical Aid Contributions, not previously accrued for. Refer to Note 34 on "Correction of Error" for details of the restatement.

No advances were made to employees. Loans to employees are set out in Note N/A.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
Remuneration of Section 57 Employees:		
Remuneration of the Municipal Manager		
Annual Remuneration	696 600	650 694
Performance Bonus	67 222	115 490
Car and Other Allowances	78 978	78 979
Company Contributions to UIF, Medical and Pension Funds	109 517	114 183
Total	952 317	959 346
Remuneration of the Chief Financial Officer		
Annual Remuneration	586 565	562 641
Performance Bonus	60 499	81 764
Car and Other Allowances	120 000	120 000
Company Contributions to UIF, Medical and Pension Funds	1 497	5 046
Total	768 561	769 451
Remuneration of the Manager: Infrastructure		
Annual Remuneration	565 402	537 730
Performance Bonus	53 777	81 764
Car and Other Allowances	64 687	64 687
Company Contributions to UIF, Medical and Pension Funds	77 974	93 324
Total	761 840	777 505
Remuneration of the Manager: Corporate Services		
Annual Remuneration	497 666	342 004
Performance Bonus	31 370	-
Car and Other Allowances	12 000	-
Company Contributions to UIF, Medical and Pension Funds	90 397	50 122
Total	631 433	392 126

The manager was suspended for the period December 2010 until June 2011 with full remuneration. An Acting Allowance was paid for the period.

The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June:

25 REMUNERATION OF COUNCILLORS

Mayor	315 121	301 573
Councillors	2 387 216	1 618 172
Other Allowances (Cellular Phones, Housing, Transport, etc)	11 748	119 683
Total Councillors' Remuneration	2 714 085	2 039 428

In-kind Benefits

The Councillors occupying the positions of Mayor are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a Council owned vehicle for official duties.

Security Services were rendered at the Mayor's house at the expense of the municipality.

26 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	24 720 258	23 967 187
Depreciation: Investment Property	359 486	359 486
Total Depreciation and Amortisation	25 079 744	24 326 673

Depreciation and Amortisation have been restated to correctly disclose the expense on Investment Property in terms of GRAP 16. Refer to Note 34 on "Correction of Error" for details of the restatement.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
27 IMPAIRMENT LOSSES		
27.1 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	1 767 805	6 164 246
Receivables from Exchange Transactions	2 102 015	5 513 431
Receivables from Non-exchange Transactions	(334 210)	650 815
Impairment Losses Reversed:	6 121 288	(6 536 579)
Receivables from Exchange Transactions	(80 945)	(334 346)
Receivables from Non-exchange Transactions	6 202 233	(6 202 233)
	7 889 093	(372 333)
Total Impairment Losses	7 889 093	(372 333)
28 BULK PURCHASES		
Electricity	35 775 770	27 606 611
Water	(82 313)	(93 725)
Total Bulk Purchases	35 693 456	27 512 886
The municipality purify its own water.		
29 CONTRACTED SERVICES		
Internal Audit	558 562	244 516
Security Services	950 228	699 148
Total Contracted Services	1 508 790	943 663
30 GRANTS AND SUBSIDIES PAID		
Student Bursaries	13 750	3 363
Subsidies To Spca	18 000	18 000
Other	-	22 848
Total Grants and Subsidies	31 750	44 211

Furthermore, *Grants and Subsidies Paid* have been restated to correctly classify expenditure incurred for Grants and Subsidies Paid, previously included in General Expenses.

Community Projects are in respect of community cultural programs and catering & transport cost of community development workers within the municipality's area of jurisdiction.

Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.

The **Mayor** makes grants available on own discretion.

Project Expenditure is in respect of conditional grants utilised for the upliftment of housing and basic service needs of communities within the municipality's area of jurisdiction.

Sport Events are in respect accommodation and travelling expenses of participants for sporting events attended outside the municipal area of jurisdiction.

The **Women's Day** is paid annually in the municipality's aim to further local economic development of all women in the communities.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
31 GENERAL EXPENSES		
Included in General Expenses are the following:		
Adverts, Printing & Stationary	346 467	293 728
Affiliations & Subscriptions	412 352	279 827
Audit Committee	56 764	90 197
Audit Fees - External	2 225 817	2 086 117
Bank Charges	266 314	230 612
Celebration Of National Days	47 555	-
Chemicals	739 933	-
Consumables	87 461	-
Contribut Igg Rec'S To Igg Fds	11 385 471	1 447
Copiers And Fax Lease Payments	270 786	214 396
Copiers And Fax Maintenance	147 830	54 018
Entertainment - Public / Visitors	80 164	132 993
Fmg Operating Expenditure	1 659 586	1 861 612
General Expenses	8 608	-
Insurance - General	1 503 087	1 344 572
Legal Costs & Litigation	52 977	21 679
Levy - Seta Skills Development	374 160	338 880
Levy - Water Research Fund: Dwaf	71 624	278 073
Linen - Financed From Lain Estate	2 139 495	-
Marketing Plan	43 860	26 316
Materials, Stores & Requiremnt	193 033	1 192 145
Municipal Service Charges	11 034 242	7 618 610
Office Tea & Requirements	2 184	630
Postage	402 530	280 560
Prepaid Commission	117 273	108 621
Professional Fees	93 074	50 000
Provision For Landfill Sites	(795 000)	4 633 307
Publicity	120 000	125 000
Spu Project	22 965	-
Telephones	1 092 298	958 301
Testing - Biological Samples	48 614	41 456
Training Courses	221 578	306 753
Travelling And Subsistence	797 255	383 175
Valuation Services	5 990	278 814
Work Done For Private Persons	507 432	525 989
Inter-Departmental Transfers	2 474 359	1 963 107
Total General Expenses	<u>38 258 137</u>	<u>25 720 934</u>

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

32 DISCONTINUED OPERATIONS

No operations have been discontinued.

33 CHANGE IN ACCOUNTING POLICY

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2011/12 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented retrospectively as at 30 June 2012:

- GRAP 17 Property, Plant and Equipment
- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions
- GRAP 26 Impairment of Cash-generating Assets
- GRAP 104 Financial Instruments

33.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
The effect of the changes are as follows:		Accumulated Surplus
Balances published as at 30 June 2010		34 830 103
Correction of Error:-		
Capitilization of PPE as at 30 June 2010	586 687 583	
Capitilization of Investment Property as at 30 June 2010	5 038 138	
	-	591 725 721
Restated Balances as at 30 June 2010		626 555 824

34 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

34.1 Correction of error - Recognition of water stock

The closing balances of inventory has been restated to recognise water stock.

The effect of the Correction of Error is as follows:

	<u>INVENTORIES</u>
Balances published as at 30 June 2011	2 962 269
Adjustment for Water stock	93 724.00
Restated Balances as at 30 June 2010	3 055 993

34.2 Correction of error -Financial Performance

Profit for the year ended 30 June 2011

Balance previously reported:

Water stock is calculated for the first time	29 137 995
Depreciation is calculated on all assets	93 724
Municipal service charges	(24 326 672)
See total Note 33.3	(12 272)
Fair Value journal written back	(1 851 993)
Restated balance	3 040 782

The effect of the Correction of Error is as follows:

34.3 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

Corrections made in 2011 / 2012 for 2010 / 2011 restated

The effect of the Correction of Error is as follows:

	2010/11 Revenue	2010/11 Revenue	Restated Amount
Property Rates	15 960 526	14 897 721	1 062 805
Service Charges	60 570 328	60 074 454	495 874
Interest Earned	5 232 162	4 977 570	254 592
Internal charges	457 917	-	457 917
Rental Income	466 045	523 462	(57 417)
Public Contributions and Donations	-	172 766	(172 766)
Other Income	957 677	972 772	(15 095)
Fair value adjustments - income	582 355	-	582 355
Fair value adjustments - expenses	(756 270)	-	(756 270)
	83 470 740	81 618 747	1 851 993

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**
R **R**

34.4 Reclassification of Expenditure

The prior year figures of repairs and maintenance and general expences have been restated to correctly classify the nature of expenditure as classified in the vote structure.

Furthermore, the prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2010/11 Expenditure	2010/11 Reclassification	Amount Difference
Repairs and Maintenance	4 185 080	8 397 872	(4 212 793)
General Expenses	29 921 455	25 708 662	4 212 793
	34 106 535	34 106 534	-

2012 **2011**
R **R**

35 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	10 799 174	3 097 374
Adjustment for:		
Depreciation and amortization	25 079 743	24 326 672
Movements in provisions - Non current	1 617 588	5 496 346
Movements in provisions - Current	267 244	(771 653)
Increase in staff leave	356 926	228 108
Other receivables from non-exchange transactions	(3 067 265)	(372 333)
Operating lease expenses accrued/(reduced) due to straightlining	(23 558)	25 744
Gains on disposal of PPE	(6 840)	-
Investment income	(4 791 114)	(4 977 570)
Correction of errors	1 082 288	699 460
Operating surplus before working capital changes	31 314 185	27 777 892
Decrease/(Increase) in Inventories	(187 583)	(264 079)
Decrease/(Increase) in Receivables from Exchange Transactions	(15 646 809)	(9 964 265)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(17 759 497)	(8 824 576)
Decrease/(Increase) in VAT Receivable	2 090 230	(1 491 039)
Increase/(Decrease) in Consumer Deposits	89 431	120 349
Increase/(Decrease) in Payables	(1 256 816)	9 268 457
Increase/(Decrease) in Conditional Grants and Receipts	(3 320 900)	(2 083 670)
Increase/(Decrease) in VAT Payable	-	-
Cash generated by / (utilised in) Operations	(4 677 759)	14 539 070

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	<u>None</u>	<u>None</u>
Irregular Expenditure awaiting condonement	<u>None</u>	<u>None</u>

Incident	Disciplinary Steps / Criminal Proceedings

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011	
	R	R	
37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
37.1 Contributions to organised local government - SALGA			
Opening Balance	-	-	
Council Subscriptions	292 015	380 634	
Amount Paid - current year	(292 015)	(380 634)	
Balance Unpaid (included in Creditors)	-	-	
37.2 Audit Fees			
Opening Balance	-	-	
Current year Audit Fee	2 298 628	3 262 734	
Amount Paid - current year	(2 298 628)	(3 262 734)	
Balance Unpaid (included in Creditors)	-	-	
37.3 VAT			
The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.			
37.4 PAYE, Skills Development Levy and UIF			
Opening Balance	-	-	
Current year Payroll Deductions	4 523 962	3 946 542	
Amount Paid - current year	(4 523 962)	(3 946 542)	
Balance Unpaid (included in Creditors)	-	-	
37.5 Pension and Medical Aid Deductions			
Opening Balance	-	-	
Current year Payroll Deductions and Council Contributions	13 679 438	12 305 832	
Amount Paid - current year	(13 679 438)	(12 305 832)	
Balance Unpaid (included in Creditors)	-	-	
37.6 Councillor's arrear Consumer Accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at:			
30 June 2012	Total	Outstanding up to 90 days	Outstanding more than 90 days
Rates and Services			
Councillor Gradwell	12 583	-	12 583
Councillor M B Meshik	7 515	516	6 999
Councillor A F Panneis	2 721	2 024	697
Overpaid Allowances			
Councillor A Booysen	31 326	-	31 326
Councillor M Blok	20 014	-	20 014
Councillor A R Knott -Graig	22 155	-	22 155
Total Councillor Arrear Consumer Accounts	-	-	-
30 June 2011	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor I J van Zyl	224	224	-
Councillor T J C Eksteen	1 187	1 187	-
Councillor A R Knott-Craig	30 061	1 104	28 957
Councillor M B Meishik	7 744	1 271	6 473
Councillor A D Gradwell	19 555	1 575	17 980
Councillor H Makoba	422	422	-
Councillor A F Pannies	574	574	-
Councillor A Booysen	31 326	-	31 326
Councillor M Blok	30 456	-	30 456
Councillor D J Coetzee	854	760	94
Councillor S J Jankovich-Besan	1 505	1 505	-
Total Councillor Arrear Consumer Accounts	123 908	8 622	115 286

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**
R **R**

37.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

37.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Supplier	Reason	Amount
COMMUNITY SERVICES	Aug-11	URBAN DYNAMICS	URGENT MATTER	R 180 000.00
COMMUNITY SERVICES	Aug-11	LHL CONSULTING	EXTENSION OF WORK/ CONTRACT	R 193 800.00
COMMUNITY SERVICES	Aug-11	AURECON	EXTENSION OF WORK/ CONTRACT	R 142 289.28
ADMINISTRATION	Dec-11	GRAAFF-REINET SECURITY	URGENT PROVISION OF SECURITY SERVICES	R 51 596.40
TECHNICAL - WATERWORKS	Feb-12	ZANA MANZI WATER SERVICES	URGENT MATTER - MAJOR FAILURE AT WATER TREATMENT WORKS	R 257 034.66
TECHNICAL SERVICES	Mar-12	BVI CONSULTING ENGINEERS	URGENT - EXTENTION OF CONTRACT	R 24 662.38

1 QUOTE (AGENTS / ONLY SUPLIER)	2 281 413.00
2 QUOTES	1 257 314.09
3. OTHER / EMERGENCY/LACK OF SUPPLIERS IN GRAAFF REINET	1 081 612.87
Total	4 620 339.96
	R R

37.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity: Losses

Purchased during the year	units (kWh)	65 306 615	64 780 124
Sold during the year	units (kWh)	<u>(56 964 966)</u>	<u>(57 004 282)</u>
Unaccounted	units (kWh)	8 341 649	7 775 842
Normal distribution losses - % of electricity purchases	8.00%	<u>(5 224 529)</u>	<u>(5 182 410)</u>
Loss	units (kWh)	<u>3 117 120</u>	<u>2 593 432</u>
Loss %		4.77%	4.00%
Loss (R):		5 831 881	4 838 156

Calculated as follows :

	Lost Units	Tariff	Value
Total Electricity Losses	100.00%	@	891 542
- Bulk	19.15%	596 943	0.1610
- Commercial	21.63%	674 246	0.3110
- Domestic	44.94%	1 400 917	0.3580
- Off Peak	4.87%	151 702	0.0994
- Peak	3.39%	105 581	0.3575
- Standard	6.02%	187 730	0.1673

30 June 2011

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

			2012 R	2011 R
Total Electricity Losses	100.00%	3 117 120	@	891 542
- Bulk	19.15%	596 943	0.1610	96 108
- Commercial	21.63%	674 246	0.3110	209 691
- Domestic	44.94%	1 400 917	0.3580	501 528
- Off Peak	4.87%	151 702	0.0994	15 072
- Peak	3.39%	105 581	0.3575	37 745
- Standard	6.02%	187 730	0.1673	31 398

Electricity Losses occur due to *inter alia*, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity

connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

=====

=====

38 COMMITMENTS FOR EXPENDITURE

38.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure

Other

Total Capital Commitments

This expenditure will be financed from:

Government Grants

321 847	19 436 768
321 847	19 436 768
-	
321 847	19 436 768
321 847	19 436 768
321 847	19 436 768

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		R	R
39 FINANCIAL INSTRUMENTS			
39.1 Classification			
FINANCIAL ASSETS:			
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:			
<u>Financial Assets</u>	<u>Classification</u>		
Receivables from Exchange Transactions			
Electricity	Amortised cost	6 801 113	5 458 716
Refuse	Amortised cost	268 854	450 142
Sewerage	Amortised cost	644 873	856 959
Water	Amortised cost	6 022 087	1 515 963
Other Receivables	Amortised cost	2 073 795	3 489 412
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	2 059 813	16 944 228
Government Subsidy Claims	Amortised cost	22 240 718	7 629 825
Sundry Deposits	Amortised cost	15 000	15 000
Sundry Debtors	Amortised cost	109 194	13 799
Other Suspence Accounts	Amortised cost	388 865	201 012
Recoverable Works	Amortised cost	84 445	84 445
Cash and Cash Equivalents			
Call Deposits	Fair value	23 165 260	40 392 882
Bank Balances	Fair value	299 668	234 006
Cash Floats and Advances	Fair value	2 040	2 040
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	6 801 113	5 458 716
Receivables from Exchange Transactions	Refuse	268 854	450 142
Receivables from Exchange Transactions	Sewerage	644 873	856 959
Receivables from Exchange Transactions	Water	6 022 087	1 515 963
Receivables from Exchange Transactions	Other Debtors	2 073 795	3 489 412
Receivables from Non-exchange Transactions	Assessment Rates Debtors	2 059 813	16 944 228
Receivables from Non-exchange Transactions	Government Subsidy Claims	22 240 718	7 629 825
Receivables from Non-exchange Transactions	Sundry Deposits	15 000	15 000
Receivables from Non-exchange Transactions	Sundry Debtors	109 194	13 799
Receivables from Non-exchange Transactions	Accruals	388 865	201 012
Receivables from Non-exchange Transactions	Recoverable Works	84 445	84 445
		40 708 757	36 659 500
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Call Deposits	23 165 260	40 392 882
Cash and Cash Equivalents	Bank Balances	299 668	234 006
Cash and Cash Equivalents	Cash Floats and Advances	2 040	2 040
		23 466 968	40 628 928
Total Financial Assets		64 175 726	77 288 429

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
FINANCIAL LIABILITIES:		
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:		
<u>Financial Liabilities</u>	<u>Classification</u>	
Payables		
Trade Creditors	Amortised cost	5 388 296
Payments received in Advance	Fair value	884 873
Retentions	Amortised cost	-
Staff Leave Accrued	Amortised cost	2 823 722
Other Creditors	Amortised cost	238 200
		6 622 368
		524 400
		82 086
		2 466 796
		1 438

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Payables	Trade Creditors	5 388 296	6 622 368
Payables	Retentions	-	82 086
Payables	Staff Leave Accrued	2 823 722	2 466 796
Payables	Other Creditors	238 200	1 438
		12 506 711	13 842 556

Financial Liabilities at Fair Value:

Payables	Payments received in Advance	884 873	524 400
		884 873	524 400

Total Financial Liabilities

13 391 584	14 366 956
-------------------	-------------------

39.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and Short-term Investments

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2012, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**
R **R**

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2012

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	23 165 260	-	23 165 260
Bank Balances and Cash	-	301 708	-	301 708
Total Financial Assets	-	23 466 968	-	23 466 968
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Payments Received in Advance	-	884 873	-	884 873
Total Financial Liabilities	-	884 873	-	884 873
Total Financial Instruments	-	22 582 095	-	22 582 095

30 June 2011

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	40 392 882	-	40 392 882
Bank Balances and Cash	-	236 046	-	236 046
Total Financial Assets	-	40 628 928	-	40 628 928
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Payments Received in Advance	-	524 400	-	524 400
Total Financial Liabilities	-	524 400	-	524 400
Total Financial Instruments	-	40 104 528	-	40 104 528

39.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note N/A and the Statement of Changes in Net Assets.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<u>Gearing Ratio</u>		
	2012	2011
	R	R
The gearing ratio at the year-end was as follows:		
Debt	49 986 116	50 367 836
Cash and Cash Equivalents	(23 466 968)	(40 628 928)
Net Debt	26 519 148	9 738 908
Equity	642 730 243	630 848 783
Net debt to equity ratio	4.13%	1.54%

Debt is defined as Long- and Short-term Liabilities.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

39.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

39.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 47.8 and 47.9 to the Annual Financial Statements.

39.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 47.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

39.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

39.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 47.9 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2012 would have increased / decreased by R320 459 (30 June 2011: increased / decreased by R77 634). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

39.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Counterparty and Location	30 June 2012		30 June 2011	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
LRC Civils	-	465 080	-	
Dumisa Design Advertising	-	369 802	-	
Aberdale Cables	-	346 228	-	
Lukhozi Consulting Engineers	-	256 500	-	
KPMG Services (PTY) LTD	-	200 750	-	
			2012	2011
			R	R

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	-	-
Consumer Debtors	31 776 211	29 838 696
Other Debtors	32 568 064	18 686 077
Bank, Cash and Cash Equivalents	23 466 968	40 628 928
Maximum Credit and Interest Risk Exposure	87 811 243	89 153 701

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	63.93%	80.27%
- Industrial / Commercial	6.47%	6.60%
- National and Provincial Government	5.44%	10.61%
Other Debtors:		
- Other not Classified	35.65%	16.37%
Total Credit Risk	112.20%	113.33%

Bank and Cash Balances

ABSA Bank Ltd	1 313 202	9 369 000
Standard Bank	1 194 747	
Investec	20 657 311	31 023 882
Total Bank and Cash Balances	23 165 260	40 392 882

Credit quality of Financial Assets:

Receivables from Exchange Transactions

Counterparties without external credit rating:-

Group 1	4 590 654	1 631 625
Group 2	663 013	318 606
	5 253 667	1 950 231
Total Receivables from Exchange Transactions	5 253 667	1 950 231

Receivables from Non-exchange Transactions

Group 1	22 813 781	6 530 599
Total Receivables from Non-exchange Transactions	22 813 781	6 530 599

Credit quality Groupings:

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

39 FINANCIAL INSTRUMENTS (Continued)

39.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 43 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years
	#	%	R	R	R	R	
30 June 2012							
Non-interest Bearing - Creditors		0.00%	13 391 584	13 391 584	-	-	-
			13 391 584	13 391 584	-	-	-
			13 391 584	13 391 584	-	-	-
30 June 2011							
Non-interest Bearing - Creditors		0.00%	14 366 956	14 366 956	-	-	-
			14 366 956	14 366 956	-	-	-
			14 366 956	14 366 956	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years
	#	%	R	R	R	R	
30 June 2012							
Non-interest Bearing		0.00%	40 814 121	40 814 121	-	-	-
- Trade Receivables from Exchange Transactions			15 810 722	15 810 722	-	-	-
- Trade Receivables from Non-exchange Transactions			25 001 360	25 001 360	-	-	-
- Cash and Cash Equivalents			2 040	2 040	-	-	-
Variable Interest Rate Instruments		0.61%	23 464 928	23 464 928	-	-	-
- Call Deposits			23 165 260	23 165 260	-	-	-
- Bank Account			299 668	299 668	-	-	-
			-				
			64 279 050	64 279 050	-	-	-
30 June 2011							
Non-interest Bearing		0.00%	29 429 047	29 429 047	-	-	-
Variable Interest Rate Instruments		-0.18%	40 626 888	40 626 888	-	-	-
			70 055 935	70 055 935	-	-	-

The municipality has access to financing facilities, the total unused amount which is R575 550 (2011: R676 673), at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

39.9 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2012

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years
	#	%	R	R	R	R	
FIXED RATE INSTRUMENTS							
Held-to-maturity Investments			-	-	-	-	-
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits	6		23 165 260	23 165 260	-	-	-
Bank Balances and Cash	6		301 708	301 708	-	-	-
Total Fixed Rate Instruments			23 466 968	23 466 968	-	-	-

30 June 2011

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years
		%	R	R	R	R	
FIXED RATE INSTRUMENTS							
Held-to-maturity Investments			-	-	-	-	-
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits	7		40 392 882	40 392 882	-	-	-
Bank Balances and Cash	7		236 046	236 046	-	-	-
Total Fixed Rate Instruments			40 628 928	40 628 928	-	-	-

39.10 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

40 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

40.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Hendina Meyer	Program Operator	Meyer Transport belongs to her husband
Pannies	Councillor	JVB Caterers - Wife
Smal	Salary Accountant	XTT - Son - in - Law

40.2 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2012				
Councillors	10 566	76 876	-	100 902
Municipal Manager and Section 57 Personnel	4 432	19 475	3 629	1 704
Total Services	14 998	96 351	3 629	102 606
For the Year ended 30 June 2011				
Councillors	10 741	115 183	132 862	122 621
Municipal Manager and Section 57 Personnel	4 158	22 182		(288)
Total Services	14 899	137 365	132 862	122 333

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
41 CONTINGENT LIABILITIES		
41.1 Guarantees:	<u>60 000</u>	<u>60 000</u>
The Camdeboo Municipality has R60 000 guarantees at First National Bank ceded to Department of Mineral and Energy for the rehabilitation of the quarries.		
41.2 Court Proceedings:	<u>125 567</u>	<u>25 567</u>
(i) Dispute on Training : C B Williams C B Williams instituted a claim against the municipality in the amount of R 25 567 relating to training provided	25 567	25 567
(ii) The Wedge The liability on the improvement to the property is currently under dispute. Awaiting instructions from clients regarding taking this matter further No amount can be determined at this stage	-	-
(iii) Amatenda Housing Development Housing developments for low income was done on municipal property. The developers are in liquidation and a dispute has arisen	100 000	-
41.3 Insurance Claims:	<u>58 590</u>	<u>-</u>
(i) Summons : Telkom cables damaged Claims lodged against the municipality for alleged assault by traffic officer, have been referred to the municipality's insurers.	44 590	-
(ii) Summons : Third party fell into a ditch	14 000	-

42 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

43 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

44 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2012.

45 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 33) and Prior Period Errors (Note 34)

46 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 28 June 2012 the Council adopted the 2012/13 to 2014/15 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by weekly and monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A (UNAUDITED)
CAMDEBOO MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation				Accumulated Depreciation / Impairment			Carrying
	Opening	Additions	Under	Closing	Opening	Additions	Closing	
	Balance		Construction	Balance	Balance		Balance	Value
	R	R	R	R	R	R	R	R
Land and Buildings								
<i>Land:</i>								
Land: Developed	7 433 830	-	-	7 433 830	6 003 146	124 735	6 127 882	1 305 948
Land: Undeveloped	79 748 150	-	-	79 748 150	-	-	-	79 748 150
<i>Buildings:</i>								
Stores	210 800	-	-	210 800	200 807	1 667	202 474	8 326
Houses	77 200	-	-	77 200	30 891	2 573	33 464	43 736
Office Buildings	2 145 900	-	-	2 145 900	832 199	67 697	899 896	1 246 004
Office Parks	12 791 570	-	-	12 791 570	12 082 630	39 607	12 122 237	669 333
	102 407 450	-	-	102 407 450	19 149 673	236 279	19 385 952	83 021 498
			0.00					
Infrastructure								
<i>Electricity:</i>								
Sundries	14 541 418	-	-	14 541 418	621 448	621 386	1 242 834	13 298 584
Mains	528 678	740 813	-	1 269 492	38 305	42 155	80 461	1 189 031
Meters	2 332 545	-	-	2 332 545	609 286	94 659	703 945	1 628 600
Substations	11 382 018	-	-	11 382 018	713 557	565 698	1 279 255	10 102 763
Switchgear Equipment	-	99 688	-	99 688	-	-	-	99 688
Transformers	4 849 712	-	-	4 849 712	153 667	163 868	317 535	4 532 177
Controle Towers	8 000	-	-	8 000	5 868	533	6 401	1 599
High Voltage Lines	8 424 333	-	-	8 424 333	-	-	-	8 424 333
Low voltage Lines	33 986 140	5 096 193	-	39 082 333	1 657 299	1 680 656	3 337 955	35 744 378
<i>Pedestrian Malls:</i>								
Kerbing	12 722 854	-	-	12 722 854	593 426	593 426	1 186 852	11 536 002
<i>Roads and Transport:</i>								
Bridges, Subways and Culverts	14 306 895	-	-	14 306 895	180 924	-	180 924	14 125 971
Roads: Asphalt	184 282 892	17 946	-	184 300 838	8 270 199	8 716 648	16 986 848	167 313 990
Stormwater	40 538 261	-	-	40 538 261	1 408 471	1 408 471	2 816 941	37 721 320
Street Lighting	8 586 975	-	-	8 586 975	406 004	405 557	811 561	7 775 415
Streetname Signs	196 848	-	-	196 848	21 626	21 604	43 230	153 618
Railway Sidings	12 739 823	-	-	12 739 823	479 817	180 924	660 741	12 079 083
<i>Sanitation:</i>								
Landfill Sites	3 517 053	-	-	3 517 053	77 040	142 956	219 995	3 297 057
<i>Security Measures:</i>								
Fencing	267 117	-	-	267 117	11 271	54 411	65 682	201 434
Security Systems	31 300	-	-	31 300	23 374	-	23 374	7 926
<i>Sewerage:</i>								
Bulk Pipelines	4 347 516	4 370 383	-	8 717 899	118 775	173 358	292 132	8 425 766
Pumping Stations	7 121 597	17 268 111	-	24 389 708	530 498	917 266	1 447 764	22 941 944
Pumps	168 080	-	3 369 288	3 537 368	1 958	21 038	22 997	3 514 371
Purification Works	27 905 391	4 220 008	-	32 125 399	1 038 885	1 354 283	2 393 169	29 732 230
Sewers / Reticulation	41 980 809	-	-	41 980 809	972 582	972 582	1 945 164	40 035 645
<i>Water:</i>								
Bulk Supply	10 293 528	3 230 845	-	13 524 373	631 365	945 867	1 577 232	11 947 140
Dams	26 571 343	6 706 476	-	33 277 819	1 010 440	985 123	1 995 563	31 282 256
Pumping Stations	3 895 399	-	-	3 895 399	303 902	291 964	595 866	3 299 533
Purification Plant	11 852 901	-	-	11 852 901	675 307	568 257	1 243 564	10 609 337
Metalwork	-	-	-	-	2 628	8 346	10 974	(10 974)
Standpipes	41 732	-	-	41 732	-	-	-	41 732
Supply and Reticulation	28 675 855	882 426	-	29 558 282	878 227	515 650	1 393 877	28 164 405
Telemetry Systems	-	-	727 812	727 812	-	-	-	727 812
	516 097 012	42 632 890	4 097 100	562 827 003	21 436 149	21 446 686	42 882 835	519 944 168
			0.00					

APPENDIX A (UNAUDITED)
CAMDEBOO MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation				Accumulated Depreciation / Impairment			Carrying Value
	Opening	Additions	Under Construction	Closing	Opening	Additions	Closing	
	Balance			Balance	Balance		Balance	
Community Assets								
Museums and Art Galleries	1 476 100	-	-	1 476 100	1 223 980	29 522	1 253 502	222 598
Work of Art	2 358	-	-	2 358	1 857	59	1 916	442
Recreation Centres	2 319 100	-	-	2 319 100	2 030 200	77 303	2 107 504	211 596
<i>Sports Facilities:</i>								
Stadiums	708 900	-	-	708 900	488 268	16 324	504 592	204 308
	-	-	-	-	-	-	-	-
<i>Other Facilities:</i>								
Community Centres	9 911 000	-	-	9 911 000	8 253 429	117 107	8 370 536	1 540 464
Libraries	3 736 600	-	-	3 736 600	3 019 236	55 124	3 074 360	662 240
	18 154 058	-	-	18 154 058	15 016 971	295 439	15 312 410	2 841 648
Other Assets			0.00					
<i>Computer Equipment:</i>								
Computer Hardware	407 150	40 527	-	447 677	186 017	37 861	223 878	223 799
Computer Networks	1 026 494	164 639	-	1 191 133	444 633	139 166	583 799	607 334
<i>Furniture and Fittings:</i>								
Other Furniture	2 374 055	94 758	-	2 468 813	1 315 655	217 550	1 533 205	935 609
<i>Motor Vehicles:</i>								
Buses								
Motor Cars	16 683 510	2 454 460	-	19 137 970	9 265 499	1 583 707	10 849 206	8 288 764
Motor Cycles	102 036	-	-	102 036	-	20 407	20 407	81 629
Trailers	2 207 173	-	-	2 207 173	1 111 392	245 241	1 356 633	850 540
<i>Office Equipment:</i>								
Air Conditioners	487 422	45 520	-	532 942	192 385	52 957	245 342	287 601
Audiovisual Equipment	27 721	-	-	27 721	14 346	3 638	17 983	9 738
Domestic Equipment	16 526	34 829	-	51 355	11 427	1 565	12 992	38 363
Office Machines	450 705	57 832	-	508 537	151 687	73 776	225 463	283 074
	-	-	-	-	-	-	-	-

APPENDIX A (UNAUDITED)
CAMDEBOO MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation				Accumulated Depreciation / Impairment			Carrying Value
	Opening	Additions	Under Construction	Closing	Opening	Additions	Closing	
	Balance			Balance	Balance		Balance	
<i>Plant and Equipment:</i>	-	-	-	-				
Irrigation Systems	176 656	349 315	-	525 971	3 119	54 415	57 535	468 437
Laboratory Equipment	5 950	53 288	-	59 238	2 702	5 120	7 823	51 415
Lathes	57 376	6 042	-	63 418	25 250	3 133	28 384	35 035
Lawnmowers	69 048	91 425	-	160 474	5 480	25 113	30 594	129 880
Pumps and Plumbing Equipment	511 223	1 728 553	-	2 239 775	262 171	119 440	381 611	1 858 164
Radio Equipment	19 443	-	-	19 443	9 759	1 940	11 699	7 745
Satelite Tracking Equipment	848 582	7 826	-	856 408	158 926	156 825	315 751	540 657
	25 471 070	5 129 015	-	30 600 085	13 160 449	2 741 854	15 902 303	14 697 782
			0.00					
Total	662 129 590	47 761 905	4 097 100	713 988 596	68 763 242	24 720 258	93 483 500	620 505 096
			0.00					

0

ANALYSIS OF INVESTMENT PROPERTIES AS AT

Description	Cost / Revaluation				Accumulated Depreciation / Impairment			Carrying Value
	Opening	Additions	Under Construction	Closing	Opening	Additions	Closing	
	Balance			Balance	Balance		Balance	
	R	R	R	R	R	R	R	R
Investment Properties								
Land and Buildings	11 651 600	-	-	11 651 600	6 613 462	359 485	6 972 947	4 678 653
	11 651 600	-	-	11 651 600	6 613 462	359 485	6 972 947	4 678 653
Total Asset Register	673 781 190	47 761 905	4 097 100	725 640 196	75 376 704	25 079 743	100 456 447	625 183 749

**APPENDIX B (UNAUDITED)
CAMDEBOO MUNICIPALITY**

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost				Accumulated Depreciation			Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Closing Balance	Opening Balance	Additions		Closing Balance
	R	R	R	R	R	R	R	R	
Executive and Council	3 834 813	59 581	-	-	3 894 394	1 982 336	307 957	2 290 293	1 604 101
Finance and Administration	93 716 145	521 021	-	-	94 237 167	28 403 291	1 219 912	29 623 203	64 613 963
Planning and Development	6 011 621	-	-	-	6 011 621	4 173 059	255 614	4 428 674	1 582 948
Health	490 281	48 051	-	-	538 332	194 519	33 856	228 374	309 958
Community and Social Services	37 557 173	5 940	-	-	37 563 113	9 666 318	74 638	9 740 956	27 822 157
Housing	-	-	-	-	-	-	-	-	-
Public Safety	2 503 066	3 161 267	-	-	5 664 332	1 233 941	331 489	1 565 430	4 098 902
Sport and Recreation	783 093	-	-	-	783 093	445 320	102 764	548 084	235 009
Waste Management	102 911 748	25 826 826	727 812	(7 058 275)	122 408 112	8 845 534	4 491 745	13 337 279	109 070 833
Roads and Transport	275 528 773	152 394	3 369 288	(1 229 770)	277 820 686	11 804 006	11 416 657	23 220 663	254 600 023
Water	84 515 676	11 499 326	-	(3 318 015)	92 696 987	3 486 329	3 400 375	6 886 704	85 810 283
Electricity	77 706 297	6 487 499	-	(171 436)	84 022 360	5 198 230	3 444 737	8 642 968	75 379 392
Total	685 558 686	47 761 905	4 097 100	(11 777 496)	725 640 196	75 432 884	25 079 743	100 512 627	625 127 569

APPENDIX C (UNAUDITED)

CAMDEBOO MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)	Description	2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)
R	R	R		R	R	R
286 714	5 510 880	(5 224 166)	Executive and Council	466 603	6 340 453	(5 873 850)
74 385 383	21 964 833	52 420 550	Finance and Administration	61 203 135	38 645 444	22 557 691
216 843	6 920 850	(6 704 006)	Planning and Development	9 857 886	9 502 883	355 002
2 166 705	2 647 896	(481 191)	Health	974 445	1 214 729	(240 284)
161 022	1 766 126	(1 605 103)	Community and Social Services	116 544	2 133 460	(2 016 916)
1 385	-	1 385	Housing	604 513	(1 248 250)	1 852 763
1 637 648	3 117 396	(1 479 748)	Public Safety	2 209 258	3 589 575	(1 380 317)
54 543	8 084 132	(8 029 589)	Sport and Recreation	70 601	8 952 475	(8 881 873)
8 262 076	14 052 969	(5 790 893)	Waste Management	28 524 072	16 270 038	12 254 034
34 171	17 211 750	(17 177 580)	Roads and Transport	14 962	17 390 718	(17 375 756)
7 535 276	11 588 454	(4 053 179)	Water	21 750 515	17 569 317	4 181 198
43 965 795	42 419 924	1 545 871	Electricity	58 331 994	52 527 245	5 804 750
302 817	627 794	(324 977)	Other	277 408	714 676	(437 268)
139 010 377	135 913 004	3 097 374	Sub-Total	184 401 937	173 602 763	10 799 174
			Revenue Foregone			
139 010 377	135 913 004	3 097 374	Total	184 401 937	173 602 763	10 799 174

APPENDIX D(1)
CAMDEBOO MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12 Actual	2011/12 Budget	2011/12 Variance	2011/12 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Property Rates	15 628 573	15 370 000	258 573	1.68	
Fines	192 334	241 772	(49 438)	(20.45)	The estimate was too high, given the difficulty to determine.
Licences and Permits	1 565 257	1 777 447	(212 190)	(11.94)	This may be due to the competing agencies like the Post Office.
Government Grants and Subsidies	71 001 839	50 218 445	20 783 394	41.39	Capital expenditure
Service Charges	87 877 933	102 622 585	(14 744 652)	(14.37)	The effect of the reduction of the initial Eskom rate.
Rental of Facilities and Equipment	630 059	645 030	(14 971)	(2.32)	
Interest Earned - External investments	2 029 335	810 000	1 219 335	150.54	The budgeted amount was conservative, given the market conditions at the time.
Interest Earned - Outstanding debtors	2 761 779	3 003 500	(241 721)	(8.05)	
Other Income	1 287 042	977 524	309 518	31.66	Change in consumer behaviour
Gains on Disposal of Property, Plant and Equipment	6 840	-	6 840	100.00	
Total Revenue	184 581 139	175 666 303	8 914 836	5.07	
EXPENDITURE					
Employee Related Costs	51 362 089	53 656 717	(2 294 628)	(4.28)	
Remuneration of Councillors	2 714 085	2 817 570	(103 485)	(3.67)	
Depreciation	25 079 742	20 000 000	5 079 742	25.40	First time GRAP implementation
Impairment Losses	7 889 093	6 500 000	1 389 093	21.37	
Repairs and Maintenance	11 244 823	7 628 135	3 616 688	47.41	Projects initially categorised as capital
Bulk Purchases	35 693 456	50 000 000	(14 306 544)	(28.61)	The effect of the reduction of the initial Eskom rate.
Contracted Services	1 508 790	1 407 790	101 000	7.17	
Grants and Subsidies Paid	31 750	31 750	-	0.00	
General Expenses	38 258 137	41 449 406	(3 191 269)	(7.70)	
Total Expenditure	173 781 966	183 491 368	(9 709 402)	(5.29)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	10 799 174	(7 825 065)	18 624 239	(238.01)	

APPENDIX D(2) (UNAUDITED)
CAMDEBOO MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE
YEAR ENDED 30 JUNE 2012

Description	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12
	Actual	Under Construction	Total Additions	Budget	Variance	Variance
	R	R	R	R	R	%
Executive and Council	59 581	-	59 581	50 000	9 581	19.16
Finance and Administration	521 021	-	521 021	1 255 000	(733 979)	(58.48)
Health	48 051	-	48 051	66 000	(17 949)	(27.20)
Community and Social Services	5 940	-	5 940	280 000	(274 060)	(97.88)
Housing	-	-	-	1 720 000	(1 720 000)	(100.00)
Public Safety	3 161 267	-	3 161 267	185 000	2 976 267	1 608.79
Waste Management	25 826 826	727 812	26 554 639	26 864 200	(309 561)	(1.15)
Roads and Transport	152 394	3 369 288	3 521 682	1 620 000	1 901 682	117.39
Water	11 499 326	-	11 499 326	7 720 000	3 779 326	48.96
Electricity	6 487 499	-	6 487 499	8 436 000	(1 948 501)	(23.10)
Total	47 761 905	4 097 100	51 859 005	48 196 200	3 662 805	100.00

APPENDIX E (UNAUDITED)

CAMDEBOO MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	June	Sept	Dec	March	June			
Equitable Share	Nat Treasury	80 818 213	64 654 571	48 490 928	0	45 239 193	50 854 091	53 498 057	50 401 852	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
FMG	Nat Treasury	1 000 000	0	0	0	183 464	52 770	532 699	231 067	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NDPG	Nat Treasury	3 099 370	0	29 979 181	10 000 000	0	3 454 696	4 353 729	9 941 198	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	25 000 000	20 000 000	0	49 140 000	12 989 768	31 893 886	21 867 589	30 849 902	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Bulk Infrastructure Grant	DWAF	9 526 688	5 947 239	14 052 883	34 625 995	14 603 994	10 815 003	6 055 503	4 555 241	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWAF O & M	DWAF	3 792 000	4 873 000	3 868 000	0	3 133 250	3 133 250	3 133 250	3 133 250	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DME Projects	DME	0	0	0	0	0	0	0	223 133	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	DPLG	750 000	0	0	0	158 333	158 333	158 333	275 000	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EPW Incentive Grant	Province	0	0	830 000	479 000	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		123 986 271	95 474 810	97 220 992	94 244 995	76 308 001	100 362 029	89 599 160	99 610 643	0	0	0	0	0			

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?