

**CAMDEBOO MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2013**

**INDEX**

<b>NO</b>	<b>CONTENTS</b>	<b>PAGE</b>
1	GENERAL INFORMATION AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS	2
2	MEMBERS OF THE COUNCIL	4
3	AUDIT REPORT	5
4	REPORT OF THE ACTING CHIEF FINANCIAL OFFICER	6
5	STATEMENT OF FINANCIAL POSITION	13
6	STATEMENT OF FINANCIAL PERFORMANCE	14
7	STATEMENT OF CHANGES IN NET ASSETS	15
8	CASH FLOW STATEMENT	16
9	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	17
10	ACCOUNTING POLICIES	18
11	NOTES TO THE FINANCIAL STATEMENTS	36
	APPENDICES	
12	A - ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	80
13	B - SEGMENTAL ANALYSIS OF CAPITAL ASSETS	83
14	C - SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED	84
15	D(1) - RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED	85
16	D(2) - RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED	86
17	E - DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003	87

**CAMDEBOO MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2013**

**GENERAL INFORMATION**

**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. E. Ruiters
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
Cllr. A.R Knott-Craig	7	Cllr. I.J. van Zyl

**ADDRESS OF THE CAMDEBOO LOCAL MUNICIPALITY**

12 - 14 Caledon Street	P.O Box 71
Graaff - Reinet	Graaff - Reinet
6280	6280

**GRADING OF THE LOCAL AUTHORITY**

Grade 3

**EXTERNAL AUDITORS**

Office of the Auditor General (East London)  
69 Frere Road  
Vincent  
East London

**PRIMARY BANKER**

First National Bank

**ACTING MUNICIPAL MANAGER**

Mr Jimmy Joubert  
049 807 5852  
joubertj@camdeboo.gov.za

**CAMDEBOO MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2013**

**GENERAL INFORMATION**

**ACTING CHIEF FINANCIAL OFFICER**

**Mr Gerrar Maya**  
**049 807 5739**  
**071 141 0047**  
**mayag@camdeboo.gov.za**

**APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 13 to 87, 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

---

JIMMY JOUBERT  
ACTING MUNICIPAL MANAGER  
25 November 2013

---

GERRAR MAYA  
ACTING CHIEF FINANCIAL OFFICER  
25 November 2013

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**MEMBERS OF THE COUNCIL**

---

<b>COUNCILLORS</b>	<b>WARD</b>	<b>PROPORTIONAL COUNCILLORS</b>
Cllr. D.J. Coetzee	1	Cllr. H. Makoba
Cllr. F.E Sigonyela	2	Cllr. E. Ruiters
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
Cllr. A.R Knott-Craig	7	Cllr. I.J. van Zyl

---

**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 Office Bearers Act No.20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.

---

ACTING MUNICIPAL MANAGER  
25 November 2013

**CAMDEBOO MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2013**

**AUDIT REPORT**

The 2012/2013 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as an Annexure when received after the completion of the statutory audit.

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the Annual Financial Statements of Camdeboo Municipality at 30 June 2013.

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 2011/12 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2013 indicates a decrease in Net Assets. This was as a result of the an increase in both Current and Non-current Liabilities and a decrease in total Assets.

The decrease in Net Assets is ascribed primarily to the decrease in Accumulated Surplus as a result of the deficit generated on the operating account. The increase in total Liabilities is as a result of the increase in Retirement benefits liabilities and also due to timing of creditors payments.

**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	2013	2012
(Deficit) / Surplus before Appropriations	(8,135,322)	12,022,179
Surplus at the end of the Year	662,513,388	670,648,710
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	30.73%	30.42%
Remuneration of Councillors	1.66%	1.65%
Depreciation and Amortisation	15.54%	15.52%
Impairment Losses	1.55%	7.61%
Repairs and Maintenance	7.13%	5.28%
Bulk Purchases	23.10%	21.70%
Contracted Services	0.85%	0.92%
Grants and Subsidies Paid	0.01%	0.02%
General Expenses	19.40%	16.89%
Current Ratio:		
Trade Creditors Days	29	27
Debtors from Exchange Transactions Days	76	64

### 3. OPERATING RESULTS

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

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 2013 are as follows:

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus	670,648,711	658,626,531	1.83	-	100.00
Operating income for the year	169,496,064	176,507,471	(3.97)	188,885,253	(10.27)
Appropriations for the year	-	-	-	-	-
	840,144,775	835,134,003	0.60	188,885,253	344.79
<b>Expenditure:</b>					
Operating expenditure for the year	177,631,386	164,485,292	7.99	170,594,300	4.13
Closing surplus	662,513,389	670,648,710	(1.21)	-	-
	840,144,774	835,134,002	0.60	170,594,300	392.48

#### 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 Services charged.

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	74,718,454	65,195,581	14.61	69,709,287	7.19
Expenditure	67,658,548	67,670,988	(0.02)	73,400,867	(7.82)
Surplus / (Deficit)	7,059,906	(2,475,407)	(385.20)	(3,691,580)	(291.24)
Surplus / (Deficit) as % of total income	9.45%	(3.80)%		(5.30)%	

#### 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 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	4,270	3,640	17.31	4,270	0.01
Expenditure	(525,825)	(264,814)	98.56	700,000	(175.12)
Surplus / (Deficit)	530,095	268,454	97.46	(695,730)	(176.19)
Surplus / (Deficit) as % of total income	12413.47%	7374.55%		(16293.44)%	

### 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 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	8,682,870	9,438,478	(8.01)	29,178,367	(70.24)
Expenditure	27,887,420	(130,207)	(21,517.72)	16,292,206	71.17
Surplus / (Deficit)	(19,204,550)	9,568,685	(300.70)	12,886,161	(249.03)
Surplus / (Deficit) as % of total income	(221.18)%	101.38%		44.16%	

### 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 R41,041,199 (2012: R35,775,769). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	68,529,671	56,786,024	20.68	69,717,351	(1.70)
Expenditure	59,669,791	56,064,580	6.43	58,020,703	2.84
Surplus	8,859,880	721,445	1,128.07	11,696,648	(24.25)
Surplus as % of total income	12.93%	1.27%		16.78%	

### 3.5 Water Services:

Water is purified by Camdeboo for their own use.

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	17,643,550	19,775,427	(10.78)	19,900,978	(11.34)
Expenditure	23,024,203	15,836,425	45.39	21,805,524	5.59
Surplus / (Deficit)	(5,380,653)	3,939,002	(236.60)	(1,904,546)	182.52
Surplus / (Deficit) as % of total income	(30.50)%	19.92%		(9.57)%	

## 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R26,957,165 (2011/12: R56,909,238). Full details of Assets are disclosed in Notes 7, 8, 9, 10 and Appendices "A, B and D (3)" to the Annual Financial Statements.



## 5. RECONCILIATION OF BUDGET TO ACTUAL

### 5.1 Operating Budget:

DETAILS	2013	2012
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	18,290,953	(7,825,065)
Revenue variances	(19,389,189)	841,168
Expenditure variances:		
Employee Related Costs	3,837,841	3,621,394
Remuneration of Councillors	52,242	103,485
Depreciation and Amortisation	(23,604,363)	(5,525,066)
Impairment Losses	(276,942)	(6,015,044)
Repairs and Maintenance	2,781,300	(1,057,205)
Bulk Purchases	1,055,704	14,306,545
Contracted Services	233,055	(101,000)
Grants and Subsidies Paid	21,000	-
General Expenses	8,905,387	13,672,968
Loss on disposal of Property, Plant and Equipment	(42,310)	-
Actual (deficit) / surplus before appropriations	(8,135,322)	12,022,180

DETAILS	2013	2012
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	18,290,953	(7,825,065)
Executive and Council	2,747,942	2,399,890
Finance and Administration	7,222,226	14,021,393
Planning and Development	(543,559)	(425,855)
Health	181,651	240,110
Community and Social Services	1,937,095	266,210
Housing	1,225,825	266,954
Public Safety	180,048	448,534
Sport and Recreation	966,401	533,791
Waste Management	(32,090,711)	(801,292)
Roads and Transport	(2,433,753)	(10,383,307)
Water	(3,476,107)	7,606,498
Electricity	(2,836,768)	4,110,270
Other	493,434	1,564,048
Actual (deficit) / surplus before appropriations	(8,135,323)	12,022,180

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 Budget Statement.

## 5.2 Capital Budget:

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Variance actual 2012/13/2011/12 R	Budgeted 2012/13 R	Variance actual/ budgeted R
Executive and Council	-	59,581	(59,581)	266,625	(266,625)
Finance and Administration	5,864,460	521,021	5,343,439	488,308	5,376,152
Planning and Development	1,042,638	48,051	994,587	-	1,042,638
Community and Social Services	775,000	5,940	769,060	1,169,002	(394,002)
Public Safety	-	3,161,267	(3,161,267)	170,000	(170,000)
Sport and Recreation	5,458,882	-	5,458,882	755,615	4,703,267
Waste Management	2,770,399	26,554,639	(23,784,240)	4,705,000	(1,934,601)
Roads and Transport	3,792,065	3,521,682	270,383	4,887,806	(1,095,741)
Water	5,015,433	11,499,326	(6,483,893)	10,916,000	(5,900,567)
Electricity	2,067,865	6,487,498	(4,419,633)	6,343,186	(4,275,321)
	26,786,742	51,859,005	(25,072,263)	29,701,542	(2,914,800)

## 6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2013 amounted to R662,513,388 (30 June 2012: R670,648,710) and is made up as follows:

Capital Replacement Reserve	5,000,000
Self-insurance Reserve	5,700,369
Accumulated Surplus due to the results of Operations	651,813,019
	<u>662,513,388</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Self-insurance Reserve is a reserve to fund future insurance losses that will not be recouped from external insurers.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 19 and the Statement of Change in Net Assets for more detail.

## 7. EMPLOYEE BENEFIT LIABILITIES

The outstanding amount of the Long Term Retirement Benefit Liabilities as at 30 June 2013 was R22,694,000 (30 June 2012: R20,175,678).

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 17 for more detail.

## 8. NON-CURRENT PROVISIONS

Non-current Provisions amounted R436,942 as at 30 June 2013 (30 June 2012: R4,529,773) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	436,942
	<u>436,942</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 18 for more detail.

## 9. CURRENT LIABILITIES

Current Liabilities amounted R32,742,858 as at 30 June 2013 (30 June 2012: R22,783,582) and is made up as follows:

Consumer Deposits	Note 11	1,627,320
Current Portion of Long-term Liabilities	Note 17, 18	5,542,742
Provisions	Note 12	2,498,647
Payables from Exchange Transactions	Note 13	14,685,319
Payables from Non-exchange Transactions	Note 14	6,639,638
Unspent Conditional Grants and Receipts	Note 15	1,749,191
		<u>32,742,858</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.

## 10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R638,259,736 as at 30 June 2013 (30 June 2012: R647,783,319).

Refer to Note 7 and Appendices "A, B and D (3)" for more detail.

## 11. INTANGIBLE ASSETS

The net value of Intangible Assets were R39,485 as at 30 June 2013 (30 June 2012: R0).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 8 and Appendix "A" for more detail.

## 12. INVESTMENT PROPERTY

The net value of Investment Properties were R211,516 as at 30 June 2013 (30 June 2012: R223,276).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 9 and Appendix "A" for more detail.

### 13. HERITAGE ASSETS

The net value of Heritage Assets were R2,370,000 as at 30 June 2013 (30 June 2012: R2,370,000).

Heritage Assets are 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.

Refer to Note 10 and Appendix "A" for more detail.

### 14. CURRENT ASSETS

Current Assets amounted R77,506,450 as at 30 June 2013 (30 June 2012: R67,763,334) and is made up as follows:

Inventories	Note 2	3,153,012
Receivables from Exchange Transactions	Note 3	18,813,590
Receivables from Non-exchange Transactions	Note 4	14,867,857
VAT Receivable	Note 5	457,958
Cash and Cash Equivalents	Note 6	40,214,033
		<u>77,506,450</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.

### 15. 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 15 and 21, and Appendix "E" for more detail.

### 16. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 47.

### 17. 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.

---

**ACTING CHIEF FINANCIAL OFFICER**

25 November 2013

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

	Note	Actual	
		2013 R	2012 (Restated) R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>77,506,450</b>	<b>67,763,334</b>
Inventories	2	3,153,012	3,727,277
Receivables from Exchange Transactions	3	18,813,590	13,945,614
Receivables from Non-exchange Transactions	4	14,867,857	24,972,601
VAT Receivable	5	457,958	1,650,874
Cash and Cash Equivalents	6	40,214,033	23,466,968
<b>Non-Current Assets</b>		<b>640,880,737</b>	<b>650,376,595</b>
Property, Plant and Equipment	7	638,259,736	647,783,319
Intangible Assets	8	39,485	-
Investment Property	9	211,516	223,276
Heritage Assets	10	2,370,000	2,370,000
<b>Total Assets</b>		<b>718,387,187</b>	<b>718,139,929</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>32,742,858</b>	<b>22,783,582</b>
Consumer Deposits	11	1,627,320	1,466,482
Current Portion of Long-term Liabilities	17, 18	5,542,742	929,337
Provisions	12	2,498,647	1,847,788
Payables from Exchange Transactions	13	14,685,319	12,101,903
Payables from Non-exchange Transactions	14	6,639,638	4,639,592
Unspent Conditional Grants and Receipts	15	1,749,191	1,798,480
<b>Non-Current Liabilities</b>		<b>23,130,942</b>	<b>24,707,637</b>
Long-term Liabilities	16	-	2,186
Employee Benefit Liabilities	17	22,694,000	20,175,678
Non-current Provisions	18	436,942	4,529,773
<b>Total Liabilities</b>		<b>55,873,800</b>	<b>47,491,218</b>
<b>Net Assets</b>		<b>662,513,387</b>	<b>670,648,710</b>
<b>NET ASSETS</b>		<b>662,513,388</b>	<b>670,648,710</b>
Accumulated Surplus	19	662,513,388	670,648,710
<b>Total Net Assets</b>		<b>662,513,388</b>	<b>670,648,710</b>

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Actual	
		2013 R	2012 (Restated) R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Property Rates	20	16,867,183	14,382,653
Fines		93,997	192,334
Licences and Permits		1,823,836	1,565,257
Government Grants and Subsidies Received	21	51,952,534	71,143,701
Public Contributions and Donations	22	-	1,600,149
<b>Revenue from Exchange Transactions</b>			
Service Charges	23	90,869,959	80,065,650
Rental of Facilities and Equipment	24	623,317	630,059
Interest Earned - External Investments	25	2,101,264	2,029,335
Interest Earned - Outstanding Debtors	25	3,551,530	2,761,779
Other Revenue	26	1,612,444	2,058,307
Gains on Disposal of Property, Plant and Equipment		-	78,247
<b>Total Revenue</b>		<b>169,496,064</b>	<b>176,507,471</b>
<b>EXPENDITURE</b>			
Employee Related Costs	27	54,580,815	50,035,323
Remuneration of Councillors	28	2,951,758	2,714,085
Depreciation and Amortisation	29	27,604,363	25,525,066
Impairment Losses	30	2,751,942	12,515,044
Repairs and Maintenance		12,671,579	8,685,340
Bulk Purchases	31	41,041,199	35,693,456
Contracted Services	32	1,516,183	1,508,790
Grants and Subsidies Paid	33	18,000	31,750
General Expenses	34	34,453,237	27,776,438
Loss on Disposal of Property, Plant and Equipment		42,310	-
<b>Total Expenditure</b>		<b>177,631,386</b>	<b>164,485,292</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(8,135,322)</b>	<b>12,022,179</b>
Refer to Statement of Comparison of Budget and Actual amounts for explanation of budget variances			

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013**

Description	Accumulated Surplus / (Deficit) Account			Total
	Capital Replacement Reserve	Self Insurance Reserve	Accumulated Surplus / (Deficit)	
	R	R	R	R
<b>2012</b>				
Balance at 30 June 2011	5,000,000	5,700,369	621,230,702	631,931,071
Change in Accounting Policy (Note 35.14)			3,360,516	3,360,516
Correction of Error (Note 35.14)	-	-	23,334,944	23,334,944
<b>Restated Balance</b>	<b>5,000,000</b>	<b>5,700,369</b>	<b>647,926,162</b>	<b>658,626,531</b>
Surplus for the year			12,022,179	12,022,179
<b>Balance at 30 June 2012</b>	<b>5,000,000</b>	<b>5,700,369</b>	<b>659,948,341</b>	<b>670,648,710</b>
<b>2013</b>				
<b>Restated Balance</b>	<b>5,000,000</b>	<b>5,700,369</b>	<b>659,948,341</b>	<b>670,648,710</b>
(Deficit) for the year			(8,135,322)	(8,135,322)
<b>Balance at 30 June 2013</b>	<b>5,000,000</b>	<b>5,700,369</b>	<b>651,813,019</b>	<b>662,513,388</b>

**CAMDEBOO MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Actual	
		2013 R	2012 (Restated) R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Government, Ratepayers and Other		168,931,269	151,471,231
<b>Payments</b>			
Payments to Suppliers and employees		(139,847,020)	(128,567,434)
Cash generated from operations	38	29,084,249	22,903,797
Interest received	25	5,652,794	4,791,114
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>34,737,043</b>	<b>27,694,911</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	7	(18,128,917)	(45,131,742)
Purchase of Intangible Assets	8	(44,899)	-
Proceeds on Disposal of Property, Plant and Equipment		23,000	185,440
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(18,150,816)</b>	<b>(44,946,302)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in consumer deposits	11	160,838	89,431
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>160,838</b>	<b>89,431</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT</b>	6	<b>16,747,065</b>	<b>(17,161,960)</b>
Cash and Cash Equivalents at Beginning of Period		23,466,968	40,628,928
Cash and Cash Equivalents at End of Period		40,214,033	23,466,968



**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013**

30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Variance %	Reason
	R	R	R	R	R	R	R	R	%	
<b>FINANCIAL PERFORMANCE</b>										
Revenue from Non-exchange Transactions										
Property Rates	17,183,266	-	17,183,266	17,183,266	16,867,183	(316,083)	98.16	98.16	-1.84%	
Fines	401,446	(199,900)	201,546	201,546	93,997	(107,549)	46.64	23.41	-53.36%	High level of variation due to the predictability of fines
Licences and Permits	2,065,000	-	2,065,000	2,065,000	1,823,836	(241,164)	88.32	88.32	-11.68%	Less licenses issued by the public
Government Grants and Subsidies Received	59,643,445	844,447	60,487,892	60,487,892	51,952,534	(8,535,358)	85.89	87.11	-14.11%	Adoption of GRAP 23 resulting in lower revenue.
<b>Revenue from Exchange Transactions</b>										
Service Charges	99,348,185	2,094,946	101,443,131	101,443,131	90,869,959	(10,573,172)	89.58	91.47	-10.42%	Accounting elimination of (GG) expenditure
Rental of Facilities and Equipment	791,314	(76,076)	715,238	715,238	623,317	(91,921)	87.15	78.77	-12.85%	Less rentals by the public. Difficult item to predict
Interest Earned - External Investments	1,154,341	800,000	1,954,341	1,954,341	2,101,264	146,923	107.52	182.03	7.52%	
Interest Earned - Outstanding Debtors	2,921,113	808,000	3,729,113	3,729,113	3,551,530	(177,583)	95.24	121.58	-4.76%	
Other Income	918,335	8,791	927,126	927,126	1,612,444	685,318	173.92	175.58	73.92%	Increased proceeds from insurance claims
Gains on Disposal of Property, Plant and Equipment	-	178,600	178,600	178,600	-	(178,600)	-	-	-100.00%	Disposal took place during the 2011/2012 year
<b>Total Revenue</b>	<b>184,426,445</b>	<b>4,458,808</b>	<b>188,885,253</b>	<b>188,885,253</b>	<b>169,496,064</b>	<b>(19,389,189)</b>	<b>89.73</b>	<b>91.90</b>		
<b>Expenditure</b>										
Employee Related Costs	60,946,358	(2,527,702)	58,418,656	58,418,656	54,580,815	(3,837,841)	93.43	89.56	-6.57%	
Remuneration of Councillors	3,500,000	(496,000)	3,004,000	3,004,000	2,951,758	(52,242)	98.26	84.34	-1.74%	
Depreciation and Amortisation	4,000,000	-	4,000,000	4,000,000	27,604,363	23,604,363	690.11	690.11	590.11%	Uncertainty with regards to budget of non cash items
Impairment Losses	2,475,000	-	2,475,000	2,475,000	2,751,942	276,942	111.19	111.19	11.19%	Increase in debts handed over to attorneys
Repairs and Maintenance	8,842,108	6,610,771	15,452,879	15,452,879	12,671,579	(2,781,300)	82.00	143.31	-18.00%	Delays in certain projects resulted in an underspend
Bulk Purchases	41,090,576	1,006,327	42,096,903	42,096,903	41,041,199	(1,055,704)	97.49	99.88	-2.51%	
Contracted Services	2,081,183	(331,945)	1,749,238	1,749,238	1,516,183	(233,055)	86.68	72.85	-13.32%	Security cost increased. New service provider
Grants and Subsidies Paid	5,000	34,000	39,000	39,000	18,000	(21,000)	46.15	360.00	100.00%	No applications were received for such grants
General Expenses	35,926,132	7,432,492	43,358,624	43,358,624	34,453,237	(8,905,387)	79.46	95.90	-20.54%	Accounting elimination of (GG) expenditure
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	42,310	42,310	-	-	100.00%	Disposal of mayoral vehicle at a loss
<b>Total Expenditure</b>	<b>158,866,357</b>	<b>11,727,943</b>	<b>170,594,300</b>	<b>170,594,300</b>	<b>177,631,386</b>	<b>7,037,086</b>	<b>104.13</b>	<b>111.81</b>		
<b>Surplus/(Deficit)</b>	<b>25,560,088</b>	<b>(7,269,135)</b>	<b>18,290,953</b>	<b>18,290,953</b>	<b>(8,135,322)</b>	<b>(26,426,275)</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit) after Capital Transfers and</b>	<b>25,560,088</b>	<b>(7,269,135)</b>	<b>18,290,953</b>	<b>18,290,953</b>	<b>(8,135,322)</b>	<b>(26,426,275)</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit) for the Year</b>	<b>25,560,088</b>	<b>(7,269,135)</b>	<b>18,290,953</b>	<b>18,290,953</b>	<b>(8,135,322)</b>	<b>(26,426,275)</b>	<b>-</b>	<b>-</b>		

Note: Budget adjustments during the Adjustment Budget period were effected in accordance with the spending as at January 2013. Savings were reallocated to votes that were overspending or close to being overspent. Capital projects were reallocated from Capital Budget to the Operating Budget due to the nature of work performed.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**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).

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

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 9	Revenue from Exchange Transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-Cash-Generating Assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-Generating Assets
GRAP 31	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IGRAP 01	Applying The Probability Test On Initial Recognition Of Revenue
IGRAP 02	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 03	Determining Whether an Arrangement Contains a Lease
IGRAP 13	Operating Leases - Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
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 2012 and 30 June 2013 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 on *Revenue from Exchange Transactions* and Accounting Policy on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

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 GRAP 23: 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. At the time of initial recognition it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods or services will not occur, because the entity has an obligation to collect all revenue.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**1. 2. 2 Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy on *Financial Assets Classification* and Accounting Policy 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 GRAP 104: *Financial Instruments*.

**1. 2. 3 Impairment of Financial Assets**

Accounting Policy 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 GRAP 104: *Financial Instruments*, 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.

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

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 on *PPE - Impairment of assets* and Accounting Policy on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy 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 Non-Cash generating Assets* and GRAP 26: *Impairment of Cash generating Assets*. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgement 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.

**1. 2. 7 Defined Benefit Plan Liabilities**

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 GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the notes 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 cost.

**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 the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**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 2013**

**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 February 2011
- GRAP 20 Related Party Disclosures - issued June 2011
- 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

All listed standards as listed above will only be effective when a date is announced by the Minister of Finance.

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 effective, the municipality may elect 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.

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 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.

**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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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.

**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.

**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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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.

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

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

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**3. 9 Derecognition 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.

**4. INTANGIBLE ASSETS**

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset 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. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**4. 1 Initial Recognition**

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually.

**4. 2 Subsequent Measurement, Amortisation and Impairment**

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test. The useful lives per category of intangible assets are detailed below.

Intangible asset	Years
Software	3
Website	5

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**4. 3 Derecognition**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**5. Heritage Assets**

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives. The Municipality assess at each reporting date if there is an indication of impairment.

Subsequent to measurement, heritage assets are carried at cost less impairment losses.

The Municipality has elected to make use of the transitional provisions as set out in Directive 3, which states that entities are not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage Assets. Disclosure of the assets for which no cost or value is available as at the balance sheet date is disclosed in the notes to the financial statements.

The following judgements were made in the assessment of whether assets should be classified as heritage assets:

- Management consulted widely to ensure completeness of the list of heritage assets. Through this process, Management considered the cultural, environmental, historical, natural, scientific, technological or artistic significance of list of assets collated and the preservation of such assets for future generations for classification as heritage assets. In Management's view the following items did not meet the definition of heritage assets: four mayoral chains, the Robert Sobukwe grave site, the canon in front of the grave site and several paintings and photos.
- Despite the fact that the Graaff- Reinet Town Hall and the Robert Sobukwe are classified as Historical Buildings as evidenced by the heritage site plaque affixed to the front door, Management has classified these buildings as Property, Plant and Equipment because the Municipality uses a significant portion of these buildings for administrative purposes.
- The Fonteinbos Nature Reserve has been classified as Property, Plant and Equipment because it forms part of commonage land.
- All Heritage Assets have been recognised and measured at cost bar the collection of rare books and manuscripts. The Municipality initial accounting for heritage assets is incomplete because the value for the collection of rare books and manuscripts is not known. Management anticipates that the full measurement will be achieved by the end of the next financial year, 30 June 2014 within in the measurement period.

**5. 1 Initial Recognition**

The cost of an item of heritage assets 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.

When assets that might be regarded as heritage assets but which, on initial recognition, do not meet the recognition criteria of a heritage asset because they cannot be reliably measured, the Municipality discloses relevant and useful information about such assets in the notes to the financial statements.

Heritage assets 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 heritage assets 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.

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.

The cost of an item of heritage assets 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.

The table below reflects the classes of heritage assets:

Heritage Sites
Victoria hall cutlery and crockery
Collections of rare books or manuscripts
Monuments, memorials & statues
Buildings of cultural significance
Museums
Other Assets

**Transitional Provisions**

The Municipality has elected to make use of the transitional provisions as set out in Directive 3, which states that entities are not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage Assets.



**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**5. 2 Subsequent Measurement**

Subsequent expenditure relating to heritage assets 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 heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated

**5. 3 Derecognition of Heritage assets**

The carrying amount of an item of heritage assets 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 derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

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

**6. INVESTMENT PROPERTY**

**6. 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.

Investment property is recognized as an asset where, and only where:

- It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity; and
- The cost or fair value of the investment property can be measured reliably.

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.

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), and
- 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.

**6. 2 Subsequent Measurement**

**6. 2. 1 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 residual value of the investment properties been assumed to be zero.

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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**6. 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.

**7. 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.

**7. 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.

**7. 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.

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 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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**8. 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.

**The effective interest rate method**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

**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.

**8. 1 Financial Assets - Classification**

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

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard

Financial assets at amortised cost

Financial assets at fair value

Financial assets at cost

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 GRAP 104
Short-term Investment Deposits – Call	Financial Instruments at Amortised Cost
Bank Balances and Cash	Financial Instruments at Amortised Cost
Long-term Receivables	Financial Instruments at Amortised Cost
Consumer Debtors	Financial Instruments at Amortised Cost
Other Debtors	Financial Instruments at Amortised Cost
Investments in Fixed Deposits	Financial Instruments at Amortised Cost

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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**8. 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 Statement of Financial Position or in the notes thereto:

• Long-term Liabilities	Other financial liabilities (Financial liabilities measured at amortised cost)
• Other Creditors	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	Other financial liabilities (Financial liabilities measured at amortised cost)
• 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).

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

**8. 3 Initial and Subsequent Measurement**

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An entity shall measure all financial assets and financial liabilities after initial recognition using the following categories defined:

Financial instruments at fair value  
Financial instruments at amortised cost  
Financial instruments at cost

**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. The subsequent measurement of financial guarantee contracts is the higher of the amount determined in accordance with the policy on provisions as set out below, or the amount initially recognised less when appropriate cumulative amortisation.

**8. 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 GRAP 104.

**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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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.

**8. 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.

**8. 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.

**9. INVESTMENT IN JOINT VENTURES**

A joint venture is a contractual arrangement whereby the Municipality and the other parties undertake an economic activity that is subject to joint control. Interests in jointly controlled entities are stated at cost.

**10. INVENTORIES**

**10. 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.

**10. 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 net realisable value.

**Water inventory**

Water is regarded as inventory when 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 2013**

**11. NON-CURRENT ASSETS HELD-FOR-SALE**

**11. 1 Initial Recognition**

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**11. 2 Subsequent Measurement**

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

**12. REVENUE RECOGNITION**

**12. 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. 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 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.

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.

**12. 2 Revenue from Exchange Transactions**

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

**12. 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.

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

**12. 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.

**12. 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 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 2013**

**12. 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.

**12. 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.

**12. 2. 6 Sale of Goods**

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

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

**12. 2. 7 Rentals**

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

**12. 3 Revenue from Non-exchange Transactions**

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.

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.

**12. 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.

**12. 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.

**12. 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.

**12. 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.

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.

**12. 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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**13. PROVISIONS**

Provisions 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 judgement 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 policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

**14. EMPLOYEE BENEFITS**

**14. 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.

**14. 2 Post employment benefits**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

**14. 2. 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.



**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**14. 2. 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. 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.

**15. 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 other than finance leases are classified as operating leases.

**15. 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.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to Property, Plant and 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 in the Statement of Financial Performance 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.

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.

**15. 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.

**15. 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.

**16. BORROWING COSTS**

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance in accordance with the requirements of GRAP 5. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs incurred during that period.

The municipality ceases to capitalise borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use has been completed. Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**17. 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.

**18. 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. Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**19. 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.

**20. 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

**21. 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.

**22. 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 the notes to the Annual Financial Statements for details of changes in accounting policies where applicable.

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 the notes to the Annual Financial Statements for details of corrections of errors recorded during the period under review where applicable.

**23. 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. Related parties include key management personnel such as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager and close family members of key management personnel.

**24. 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.

**25. FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**26. COMPARATIVE INFORMATION**

**26. 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.

**26. 2 Prior year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified, unless a standard of GRAP does not require the restatements of comparative information. The nature and reasons for the reclassification are disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**26. 3 Budget Information**

The annual budget figures for the year ending 2012/2013 have been prepared and presented in accordance with the GRAP standard under the accrual basis of accounting for budgets approved by Council by nature classification, 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.

**27. 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.

**28. 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.

**29. 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 2013**

2013  
R                      2012  
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).

**2. INVENTORIES**

Consumable Store	3,014,341	3,616,773
Water - at cost	138,671	110,504
<b>Total Inventories</b>	<b>3,153,012</b>	<b>3,727,277</b>

Prior year *Inventory* has been restated to correctly account for stock items for the previous year in terms of GRAP 12. Refer to Note 35.1 on "Comparative Information" for details of the restatement.

The amount of inventories recognised as expenses for the year amounted to R3 236 308 (2012: R 3 731 322)

The cost of water production for the year amounted to R4,79 per kl (2012: R5,03 per kl)

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

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Service Debtors:	32,938,289	26,136,055
Electricity	9,573,813	9,956,886
Refuse	3,030,703	2,130,258
Sewerage	5,941,280	3,983,589
Water	14,392,493	10,065,322
Other Receivables	6,045,640	5,553,703
Housing	2,543,730	2,289,141
Meter Readings not Billed	2,730,944	2,153,232
Other Debtors	770,966	1,111,330
Add: Credit debtors balances	808,345	888,751
Less: Provision for Impairment	(20,978,684)	(18,632,895)
<b>Total Receivables from Exchange Transactions</b>	<b>18,813,590</b>	<b>13,945,614</b>

Prior year Receivables from Exchange Transactions has been restated for property disposed of and not accounted for. Refer to Note 35.2 on "Comparative Information" for details of the restatement.

Furthermore, the prior year Receivables from Exchange Transactions has been restated for the Provision for impairment. Refer to Note 35.2 on "Comparative Information" for details of the restatement.

Furthermore, the prior year Receivables from Exchange Transactions has been restated for the reclassification of negative balances. Refer to Note 35.2 on "Comparative Information" for details of the restatement.

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

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.

When the municipality receives applications for new accounts, 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.

**3.1 Ageing of Receivables from Exchange Transactions**

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	9,458,271	1,568,317	536,824	28,228,862	39,792,274
Less: Provision for Impairment	826,127	653,354	77,248	19,421,955	20,978,684
<b>Net Balances</b>	<b>8,632,144</b>	<b>914,963</b>	<b>459,576</b>	<b>8,806,907</b>	<b>18,813,590</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R                      2012  
R

As at 30 June Receivables of R10,181,446 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	1,568,317	536,824	28,228,862	30,334,003
Less: Provision for Impairment	653,354	77,248	19,421,955	20,152,557
<b>Net Balances</b>	<b>914,963</b>	<b>459,576</b>	<b>8,806,907</b>	<b>10,181,446</b>

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	8,145,558	1,382,460	919,533	22,130,958	32,578,509
Less: Provision for Impairment	935,534	613,858	548,651	16,534,852	18,632,895
<b>Net Balances</b>	<b>7,210,024</b>	<b>768,602</b>	<b>370,882</b>	<b>5,596,106</b>	<b>13,945,614</b>

As at 30 June Receivables of R6,735,590 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	1,382,460	919,533	22,130,958	24,432,951
Less: Provision for Impairment	613,858	548,651	16,534,852	17,697,361
<b>Net Balances</b>	<b>768,602</b>	<b>370,882</b>	<b>5,596,106</b>	<b>6,735,590</b>

**3.2 Summary of Receivables from Exchange Transactions by Customer Classification**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R	Total R
<b>As at 30 June 2013</b>					
<i>Current:</i>					
0 - 30 days	2,411,220	2,254,410	339,087	3,645,209	8,649,926
<i>Past Due:</i>					
31 - 60 Days	1,017,037	101,569	441,719	7,992	1,568,317
61 - 90 Days	134,376	6,848	393,020	2,580	536,824
+ 90 Days	26,378,726	770,715	1,050,320	29,101	28,228,862
Sub-total	29,941,359	3,133,542	2,224,146	3,684,882	38,983,929
Add: Credit debtors balances					808,345
Less: Provision for Impairment					20,978,684
<b>Total Trade Receivables by Customer Classification</b>	<b>29,941,359</b>	<b>3,133,542</b>	<b>2,224,146</b>	<b>3,684,882</b>	<b>18,813,590</b>

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R	Total R
<b>As at 30 June 2012</b>					
<i>Current:</i>					
0 - 30 days	1,844,081	1,469,808	459,576	3,483,344	7,256,809
<i>Past Due:</i>					
31 - 60 Days	706,625	78,665	577,532	19,638	1,382,460
61 - 90 Days	525,654	45,021	334,775	14,082	919,532
+ 90 Days	19,175,022	570,334	2,360,478	25,123	22,130,957
Sub-total	22,251,382	2,163,828	3,732,361	3,542,187	31,689,758
Add: Credit debtors balances					888,751
Less: Provision for Impairment					18,632,895
<b>Total Trade Receivables by Customer Classification</b>	<b>22,251,382</b>	<b>2,163,828</b>	<b>3,732,361</b>	<b>3,542,187</b>	<b>13,945,614</b>

**3.3 Reconciliation of the Provision for Impairment**

Balance at beginning of year	18,632,895	18,067,505
Impairment Losses recognised	2,345,789	565,390
<b>Balance at end of year</b>	<b>20,978,684</b>	<b>18,632,895</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<i>Provision for Impairment</i> have been restated to correctly account for the provision. Refer to Note 35.2 on "Comparative Information" for details of the restatement.		
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.		
<b>3.4 Ageing of impaired Receivables from Exchange Transactions</b>		
<u>Current:</u>		
0 - 30 Days	826,127	935,534
<u>Past Due:</u>		
31 - 60 Days	653,354	613,858
61 - 90 Days	77,248	548,651
+ 90 Days	19,421,955	16,534,852
<b>Total</b>	<b>20,978,684</b>	<b>18,632,895</b>

**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
<b>As at 30 June 2013</b>			
Assessment Rates Debtors	11,395,888	7,790,400	3,605,488
Payments made in Advance	454,447	-	454,447
Accruals	84,445	-	84,445
Sundry Deposits	115,000	-	115,000
Sundry Debtors	593,634	-	593,634
Government Subsidies	10,014,843	-	10,014,843
<b>Total Receivables from Non-exchange Transactions</b>	<b>22,658,257</b>	<b>7,790,400</b>	<b>14,867,857</b>
	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2012</b>			
Assessment Rates Debtors	10,117,489	7,341,600	2,775,889
Payments made in Advance	103,324	-	103,324
Accruals	84,445	-	84,445
Sundry Deposits	15,000	-	15,000
Sundry Debtors	498,059	-	498,059
Government Subsidies	21,495,884	-	21,495,884
<b>Total Receivables from Non-exchange Transactions</b>	<b>32,314,201</b>	<b>7,341,600</b>	<b>24,972,601</b>

Prior year Receivables from Non-Exchange Transactions has been restated for the Provision for impairment. Refer to Note 35.3 on "Comparative Information" for details of the restatement.

**Sundry Deposits** are in respect of cash deposits made to local fuel stations for the supply of fuel.

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.

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 National / Provincial Departments as well as Other Debtors. The current payment ratios of Other Debtors were also taken into account for fair value determination.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R                      2012  
R

**4.1 Ageing of Receivables from Non-exchange Transactions**

**As at 30 June 2013**

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	647,025	202,670	35,569	10,510,624	11,395,888
Less: Provision for Impairment	136,997	130,278	15,339	7,507,787	7,790,400
<b>Net Balances</b>	<b>510,028</b>	<b>72,392</b>	<b>20,230</b>	<b>3,002,837</b>	<b>3,605,488</b>
<b>Payments made in Advance:</b>					
Gross Balances	454,447	-	-	-	454,447
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>454,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>454,447</b>
<b>Accruals:</b>					
Gross Balances	84,445	-	-	-	84,445
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>84,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,445</b>
<b>Sundry Deposits:</b>					
Gross Balances	115,000	-	-	-	115,000
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>115,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,000</b>
<b>Sundry Debtors:</b>					
Gross Balances	593,634	-	-	-	593,634
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>593,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>593,634</b>
<b>Suspense Accounts:</b>					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 30 June Receivables of R3,095,460 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	202,670	35,569	10,510,624	10,748,863
Less: Provision for Impairment	130,278	15,339	7,507,787	7,653,403
<b>Net Balances</b>	<b>72,392</b>	<b>20,230</b>	<b>3,002,838</b>	<b>3,095,460</b>

**As at 30 June 2012**

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	978,933	68,339	77,955	8,992,262	10,117,489
Less: Provision for Impairment	80,027	25,665	20,613	7,215,295	7,341,600
<b>Net Balances</b>	<b>898,906</b>	<b>42,674</b>	<b>57,342</b>	<b>1,776,967</b>	<b>2,775,889</b>
<b>Accruals:</b>					
Gross Balances	84,445	-	-	-	84,445
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>84,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,445</b>
<b>Sundry Deposits:</b>					
Gross Balances	15,000	-	-	-	15,000
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,000</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013			2012	
	R			R	
<b>Sundry Debtors:</b>					
Gross Balances	498,059	-	-	-	498,059
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>498,059</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>498,059</b>

<b>Suspense Accounts:</b>					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 30 June Receivables of R1,876,983 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	68,339	77,955	8,992,262	9,138,556
Less: Provision for Impairment	25,665	20,613	7,215,295	7,261,573
<b>Net Balances</b>	<b>42,674</b>	<b>57,342</b>	<b>1,776,967</b>	<b>1,876,983</b>

**4.2 Summary of Assessment Rates Debtors by Customer Classification**

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
<b>As at 30 June 2013</b>					
<u>Current:</u>					
0 - 30 days	(27,552)	59,451	(601,079)	11,028,667	10,459,487
<u>Past Due:</u>					
31 - 60 Days	133,564	50,450	13,219	5,437	202,670
61 - 90 Days	14,052	5,404	14,632	1,480	35,569
+ 90 Days	8,193,617	1,404,941	791,430	120,637	10,510,624
Sub-total	8,313,681	1,520,246	218,202	11,156,221	21,208,350
Add: Credit debtors balances					1,276,760
Less: Provision for Impairment					7,790,400
<b>Total Rates Debtors by Customer Classification</b>	<b>8,313,681</b>	<b>1,520,246</b>	<b>218,202</b>	<b>11,156,221</b>	<b>14,694,710</b>

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
<b>As at 30 June 2012</b>					
<u>Current:</u>					
0 - 30 days	573,652	(115,075)	(569,906)	21,564,547	21,453,219
<u>Past Due:</u>					
31 - 60 Days	54,106	10,497	429	3,307	68,339
61 - 90 Days	24,888	6,486	43,911	2,670	77,955
+ 90 Days	7,969,639	1,120,319	387,346	130,685	9,607,989
Sub-total	8,622,285	1,022,227	(138,220)	21,701,209	31,207,502
Add: Credit debtors balances					1,106,699
Less: Provision for Impairment					7,341,600
<b>Total Rates Debtors by Customer Classification</b>	<b>8,622,285</b>	<b>1,022,227</b>	<b>(138,220)</b>	<b>21,701,209</b>	<b>24,972,601</b>



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>4.3 Reconciliation of Provision for Impairment</b>		
Balance at beginning of year	7,341,600	1,030,261
Impairment Losses recognised	448,800	334,210
Impairment Losses reversed	-	5,977,129
<b>Balance at end of year</b>	<b><u>7,790,400</u></b>	<b><u>7,341,600</u></b>

Prior year Receivables from Non-Exchange Transactions has been restated for the Provision for impairment. Refer to Note 35.3 on "Comparative Information" for details of the restatement.

The Provision for impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

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 from Non-Exchange Transactions 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	<u>457,958</u>	<u>1,650,874</u>
----------------	----------------	------------------

*Prior year VAT Receivable* has been restated to correctly classify amounts receivable. Refer to Note 35.4 on "Correction of Error" for details of the restatement.

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.

**6. CASH AND CASH EQUIVALENTS**

Current Investments	33,926,738	23,165,260
Bank Accounts	6,285,155	299,668
Cash on hand	2,140	2,040
<b>Total Bank, Cash and Cash Equivalents</b>	<b><u>40,214,033</u></b>	<b><u>23,466,968</u></b>

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	33,926,738	23,165,260
<b>Total Current Investment Deposits</b>	<b><u>33,926,738</u></b>	<b><u>23,165,260</u></b>

**Call Deposits** are investments with a maturity period of less than 3 months and earn interest rates varying from 4,00 % to 5,30 % (2012: 4,90% to 5,50%) per annum.

Deposits attributable to Unspent Conditional Grants	1,749,191	1,798,480
Deposits attributable to Capital Replacement Reserve	5,000,000	5,000,000
Deposits attributable to Payables from Exchange Transactions	14,685,319	11,508,467
Deposits attributable to Current Provisions	5,050,535	2,777,124
Deposits attributable to Consumer Deposits	1,627,320	1,466,482
Deposits attributable to Payables from Non-Exchange Transactions	6,639,638	614,707
<b>Total Deposits attributable to Commitments of the Municipality</b>	<b><u>34,752,004</u></b>	<b><u>23,165,260</u></b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>6.2 Bank Accounts</b>		
Cash in Bank	6,285,155	299,668
<b>Total Bank Accounts</b>	<u><b>6,285,155</b></u>	<u><b>299,668</b></u>

The Municipality has the following bank accounts:

**Primary Bank Account**

*First National Bank - Account Number 52300007898*

Cash book balance at beginning of year	299,668	234,006
Cash book balance at end of year	<u>6,285,155</u>	<u>299,668</u>

Bank statement balance at beginning of year	936,192	6,019,078
Bank statement balance at end of year	<u>6,175,263</u>	<u>936,192</u>

*ABSA -Aberdeen - Account Number 4053048940*

Bank statement balance at beginning of year	7,069	5,542
Bank statement balance at end of year	<u>24,987</u>	<u>7,069</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 on hand**

Cash Floats and Advances	2,140	2,040
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<u><b>2,140</b></u>	<u><b>2,040</b></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.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**7. PROPERTY, PLANT AND EQUIPMENT**

30 June 2013

**Reconciliation of Carrying Value**

Description	Land	Buildings	infra- structure	Community	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2012</b>	<b>89,426,280</b>	<b>4,167,136</b>	<b>529,954,414</b>	<b>9,587,313</b>	<b>14,648,176</b>	<b>647,783,319</b>
Cost	89,426,280	17,077,270	575,027,177	26,761,895	30,635,694	738,928,316
- Completed Assets	89,426,280	17,077,270	570,086,564	22,919,158	30,635,694	730,144,966
- Under Construction	-	-	4,940,613	3,842,737	-	8,783,350
Accumulated Depreciation:	-	(12,910,134)	(45,072,763)	(17,174,582)	(15,987,518)	(91,144,997)
Acquisitions	-	-	6,318,070	5,260,428	7,032,621	18,611,120
Capital under Construction - Additions:	-	-	7,327,692	973,454	-	8,301,146
Depreciation:	-	(259,977)	(23,497,317)	(620,385)	(3,209,510)	(27,587,190)
- Based on Cost	-	(259,977)	(23,497,317)	(620,385)	(3,209,510)	(27,587,190)
Carrying value of Disposals:	-	-	-	-	(65,310)	(65,310)
- Cost	-	-	-	-	(170,422)	(170,422)
- Accumulated Depreciation	-	-	-	-	105,112	105,112
<b>Carrying values at 30 June 2013</b>	<b>89,426,280</b>	<b>3,907,159</b>	<b>515,162,246</b>	<b>11,358,074</b>	<b>18,405,977</b>	<b>638,259,736</b>
Cost	89,426,280	17,077,270	583,732,327	29,153,041	37,497,893	756,886,810
- Completed Assets	89,426,280	17,077,270	576,404,634	28,179,586	37,497,893	748,585,664
- Under Construction	-	-	7,327,692	973,454	-	8,301,146
Accumulated Depreciation:	-	(13,170,111)	(68,570,081)	(17,794,967)	(19,091,916)	(118,627,075)

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2012

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra- structure	Community	Other	Total
	R	R	R	R	R	R
Carrying values at 01 July 2011	89,516,280	4,427,200	515,844,750	6,217,114	12,261,299	628,266,643
Cost	90,278,580	17,077,270	538,893,502	24,526,858	25,480,364	696,256,574
- Completed Assets	90,278,580	17,077,270	527,116,006	24,526,858	25,480,364	684,479,078
- Under Construction	-	-	11,777,496	-	-	11,777,496
Reclassify to Heritage Assets (Note 35.5)	(762,300)	-	-	(1,607,700)	-	(2,370,000)
Accumulated Depreciation:	-	(12,650,070)	(23,048,752)	(16,702,044)	(13,219,065)	(65,619,931)
- Cost	-	(12,650,070)	(23,048,752)	(16,702,044)	(13,219,065)	(65,619,931)
Acquisitions	-	-	42,970,558	-	5,155,330	48,125,888
Capital under Construction - Additions:	-	-	4,940,613	3,842,737	-	8,783,350
- Cost	-	-	4,940,613	3,842,737	-	8,783,350
Depreciation:	-	(260,064)	(22,024,011)	(472,538)	(2,768,453)	(25,525,066)
- Based on Cost	-	(260,064)	(22,024,011)	(472,538)	(2,768,453)	(25,525,066)
Carrying value of Disposals:	(90,000)	-	-	-	-	(90,000)
- Cost	(90,000)	-	-	-	-	(90,000)
<b>Carrying values at 30 June 2012</b>	<b>89,426,280</b>	<b>4,167,136</b>	<b>529,954,414</b>	<b>9,587,313</b>	<b>14,648,176</b>	<b>647,783,319</b>
Cost	89,426,280	17,077,270	575,027,177	26,761,695	30,635,694	738,928,316
- Completed Assets	89,426,280	17,077,270	570,086,564	22,919,158	30,635,694	730,144,966
- Under Construction	-	-	4,940,613	3,842,737	-	8,783,350
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	-	(12,910,134)	(45,072,763)	(17,174,582)	(15,987,518)	(91,144,997)

Refer to Appendices "A, B and D (4)" for more detail on Property, Plant and Equipment, including those in the course of construction.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R                      2012  
R

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

*Property, Plant and Equipment* have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to Note 35.5 for details of the restatement.

Furthermore, prior year *Property, Plant and Equipment* opening balances has been restated to correctly accounted for items not previously accounted for. Refer to Note 35.5 for details of the restatement.

The municipality did not pledge any of its assets as security. No restrictions apply to any of the Property, Plant and Equipment of the municipality.

No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.

**8. INTANGIBLE ASSETS**

At Cost less Accumulated Amortisation and Accumulated Impairment Losses 39,485                      -

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
<b>Carrying values at 01 July 2012</b>	-	-
Cost	-	-
Acquisitions:	44,899	44,899
Amortisation	(5,414)	(5,414)
Purchased	(5,414)	(5,414)
<b>Carrying values at 30 June 2013</b>	39,485	39,485
Cost	44,899	44,899
Accumulated Amortisation	(5,414)	(5,414)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

**9. INVESTMENT PROPERTY**

2013  
R                      2012  
R

At Cost less Accumulated Depreciation 211,516                      223,276

The movement in Investment Property is reconciled as follows:

<b>Carrying values at 1 July</b>	223,276	235,036
Cost	458,500	458,500
Accumulated Depreciation	(235,224)	(223,464)
Acquisitions during the Year	-	-
Depreciation during the Year	(11,760)	(11,760)
<b>Carrying values at 30 June</b>	211,516	223,276
Cost	458,500	458,500
Accumulated Depreciation	(246,984)	(235,224)

*Investment Property* has been restated to correctly disclose the properties held as Investment Property in terms of GRAP 16. Refer to Note 35.6 on "Comparative Information" for details of the restatement.

Revenue disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property 126,406                      10,519

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.

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 "B" for more detail on Investment Property.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R

2012  
R

**9.1 Investment Property carried at Fair Value**

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

**9.2 Impairment of Investment Property**

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

**10. HERITAGE ASSETS**

At Cost less Accumulated Impairment Losses 2,370,000 2,370,000

The movement in Heritage Assets is reconciled as follows:

	Victoria hall cutlery and	Collections of rare books or manuscripts	Monuments, memorials & statues	Buildings of cultural significance	Museum
<b>Carrying values at 01 July 2011</b>					
Cost	-	-	-	1,311,800	1,058,200
Accumulated Impairment	-	-	-	-	-
<b>Carrying values at 01 July 2012</b>					
Cost	-	-	-	1,311,800	1,058,200
Accumulated Impairment	-	-	-	-	-
<b>Carrying values at 30 June 2013</b>					
Cost	-	-	-	1,311,800	1,058,200
Accumulated Impairment	-	-	-	-	-

**Reconciliation of Heritage Assets**

	Victoria hall cutlery and	Collections of rare books or manuscripts	Monuments, memorials & statues	Buildings of cultural significance	Museum
<b>Carrying values at 01 July 2011</b>	-	-	-	-	-
First time recognition as Heritage Assets	-	-	-	1,311,800	1,058,200
<b>Restated Carrying Value Opening Balance</b>	-	-	-	1,311,800	1,058,200
<b>Carrying values at 30 June 2012</b>	-	-	-	1,311,800	1,058,200
<b>Carrying values at 30 June 2013</b>	-	-	-	1,311,800	1,058,200

The Municipality has elected to make use of the transitional provisions as set out in Directive 3, which states that entities are not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage Assets.

*Heritage Assets* have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to Note 35.7 for details of the restatement.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Heritage Assets.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R                      2012  
R

**10.1 Significant Heritage Assets not measured**

The Municipality has not measured the following classes of heritage assets

Class of Heritage Asset	Description	Reason for no measurement
Victoria hall cutlery and crockery	Crockery and cutlery with the Victoria Hall emblem. These items have been loaned to the Museum.	The skill and expertise to value this collection is rare. An experienced antiquarian or one of the renowned auction houses may have sufficient skill, knowledge and expertise to perform this valuation. The Municipality was not able to estimate a value at 30 June 2013.
Collections of rare books or manuscripts	The Africana collection is a collection of valuable books, pamphlets, maps, pictorial works and other items on sub-Saharan Africa, with specific focus on Southern African history.	The collection is vast and is housed in various establishments both local and internationally. The skill and expertise to value this collection is rare. An experienced antiquarian, specialised libraries or one of the renowned auction houses may have sufficient skill, knowledge and expertise to perform this valuation. The Municipality was not able to estimate a value at 30 June 2013.
Monuments, memorials & statues	Include the movement of the Jewish Pedlars, War Memorial, Huguenot Monument, Union Monument, Krugerdp Monument, San & Khoi Genocide Memorial and the Old Powder Magazine.	The skill and expertise to value sites of historical and cultural significance is rare. At the time of issuing the financial statements, the Municipality has not identified the skills set and related experience to value these assets. The Municipality was not able to estimate a value at 30 June 2013.

**10.2 Impairment of Heritage Assets**

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

**10.3 Heritage Assets measured after recognition using the Revaluation Model**

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

**10.4 Heritage Assets pledged as security**

None of the assets have been pledged as security in the current and prior year.

**10.5 Restrictions on title and disposal of Heritage Assets**

There is no restriction on title or disposal of Heritage Assets. The requirements of the National Heritage Resources Act (No. 25 of 1999) and related legislation will transfer to the donee or buyer.

**11. CONSUMER DEPOSITS**

Electricity and Water	1,627,320	1,466,482
<b>Total Consumer Deposits</b>	<b><u>1,627,320</u></b>	<b><u>1,466,482</u></b>

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

**12. PROVISIONS**

Bonuses	1,869,032	1,847,788
Salaries and wages provision	629,615	-
<b>Total Provisions</b>	<b><u>2,498,647</u></b>	<b><u>1,847,788</u></b>

Provisions have been restated to correctly classify amounts held for Staff Leave, previously included in Creditors. Refer to Note 35.8 on "Comparative Information" for details of the restatement.

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions.

Salaries and wages provision accrues to all eligible employees in terms of the wage curve agreement

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
The movement in provisions are reconciled as follows:		
<b>Current Provisions:</b>		
<b>Performance Bonuses:</b>		
Balance at beginning of year	436,241	342,370
Contributions to provision	273,663	212,868
Expenditure incurred	(331,043)	(118,997)
<b>Balance at end of year</b>	<b><u>378,861</u></b>	<b><u>436,241</u></b>
<b>Staff Bonuses:</b>		
Balance at beginning of year	1,411,547	1,238,173
Contributions to provision	2,649,045	2,605,687
Expenditure incurred	(2,570,421)	(2,432,313)
<b>Balance at end of year</b>	<b><u>1,490,171</u></b>	<b><u>1,411,547</u></b>

**13. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Creditors	7,116,563	5,388,296
Accruals	2,503,470	2,239,335
Retentions	330,867	-
Other Creditors	4,734,419	4,443,943
Payments Received In Advance	-	30,329
<b>Total Payables</b>	<b><u>14,685,319</u></b>	<b><u>12,101,903</u></b>

*Payables from Exchange transactions* have been restated to correctly classify amounts due for Creditors not accrued for previously. Refer to Note 35.9 on "Comparative Information" for details of the restatement.

Furthermore, *Payables from Exchange Transactions* have been reclassified between Payables from Exchange and Non-Exchange Transactions to correctly classify the nature of the balances Refer to Note 35.9 on "Comparative Information" for details of the restatement.

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.

**14. PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

Staff Leave Accrued	3,005,116	2,823,721
Sundry Deposits	912,169	709,172
Other Creditors	2,722,354	1,106,699
<b>Total Payables</b>	<b><u>6,639,638</u></b>	<b><u>4,639,592</u></b>

*Payables from Exchange transactions* have been restated to correctly classify amounts due for Creditors not accrued for previously. Refer to Note 35.10 on "Comparative Information" for details of the restatement.

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

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

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



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>15.1 Conditional Grants from Government</b>	1,749,191	1,798,480
Local Government Grants	1,749,191	1,798,480
<b>Total Unspent Conditional Grants</b>	1,749,191	1,798,480

*Unspent Conditional Grants and Receipts* have been restated to correctly reclassify amounts held for Own and Public Contributions, to be included under Receivables from Non-Exchange Transactions. Refer to Note 35.11 on "Comparative Information" for details of the restatement.

Furthermore, *Unspent Conditional Grants and Receipts* have been restated to correctly classify amounts held for Own and Public Contributions with no conditions attached to them. Refer to Note 35.11 on "Comparative Information" for details of the restatement.

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

See Note 21 for the reconciliation of Grants from Government and other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "E" for more detail on Conditional Grants.

**16. LONG-TERM LIABILITIES**

**16.1 Operating lease liabilities**

Balance at beginning and end of year	-	2,186
--------------------------------------	---	-------

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of the contracts has any escalation clauses.

**16.2 Leasing Arrangements**

**The Municipality as Lessee:**

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

**16.3 Amounts payable under Operating Leases**

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

<b>Other Equipment:</b>	1,782,748	476,280
Up to 1 year	1,258,269	476,280
2 to 5 years	524,480	-
More than 5 years	-	-
<b>Total Operating Lease Arrangements</b>	1,782,748	476,280

The following expenses have been recognised in the Statement of Financial Performance

Operating expenditure	733,789	476,280
<b>Total Operating Lease Expenses</b>	733,789	476,280

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment

- (i) The equipment shall remain the property of the lessor.
- (ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.
- (iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.
- (iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>17. EMPLOYEE BENEFIT LIABILITIES</b>		
Post-retirement Health Care Benefits Liability	19,483,000	17,590,775
Provision for Long Service Awards	3,211,000	2,584,903
	22,694,000	20,175,678
<b>17.1 Post-retirement Health Care Benefits Liability</b>		
Balance at beginning of Year	18,285,863	17,370,090
Contributions to Provision	2,612,996	1,621,913
Expenditure incurred	(632,859)	(706,140)
Balance at end of Year	20,266,000	18,285,863
Transfer to Current Provisions	(783,000)	(695,088)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>19,483,000</b>	<b>17,590,775</b>
<b>Current Portion of Non-Current Provisions:</b>		
Balance at beginning of year	695,088	706,140
Transfer from non-current	783,000	695,088
Expenditure incurred	(695,088)	(706,140)
<b>Balance at end of year</b>	<b>783,000</b>	<b>695,088</b>

*Employee Benefit Liabilities* have been restated to transfer the corrected current portion to Current Liabilities. Refer to Note 35.12 on "Comparative Information" for details of the restatement.

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.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Mr P Wasserfall, 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.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	152	151
Continuation Members (Retirees, widowers and orphans)	26	26
<b>Total Members</b>	<b>178</b>	<b>177</b>

The liability in respect of past service has been estimated as follows:

In-service Members	8,758,000	8,131,445
Continuation Members	11,508,000	10,154,418
<b>Total Liability</b>	<b>20,266,000</b>	<b>18,285,863</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2013 is estimated to be R596,500, whereas the cost for the ensuing year is estimated to be R531,000 (30 June 2012: R536,457 and R596,500 respectively).

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

Discount Rate	8.50%	7.75%
Health Care Cost Inflation Rate	8.82%	6.84%
Net Effective Discount Rate	-0.29%	0.86%
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	63

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Balance at the beginning of the year	18,285,863	17,370,090
Current service costs	596,500	536,457
Interest cost	1,391,300	1,463,343
Benefits paid	(632,859)	(706,140)
Actuarial losses / (gains)	625,196	(377,887)
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>20,266,000</b>	<b>18,285,863</b>
<b>Total Recognised Benefit Liability</b>	<b>20,266,000</b>	<b>18,285,863</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	20,266,000	18,285,863
Unfunded Accrued Liability	20,266,000	18,285,863
<b>Total Benefit Liability</b>	<b>20,266,000</b>	<b>18,285,863</b>
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>		
Current service cost	596,500	536,457
Interest cost	1,391,300	1,463,343
Actuarial losses / (gains)	625,196	(377,887)
<b>Total Post-retirement Benefit Included in Employee Related Costs (Note 27)</b>	<b>2,612,996</b>	<b>1,621,913</b>

<b>The history of experienced adjustments is as follows:</b>					
	2013 R	2012 R	2011 R	2010 R	2009 R
Present Value of Defined Benefit Obligation	20,266,000	18,285,863	31,558,072	30,955,965	-
<b>Deficit</b>	<b>20,266,000</b>	<b>18,285,863</b>	<b>31,558,072</b>	<b>30,955,965</b>	<b>-</b>
Experienced adjustments on Plan Liabilities	(1,526,436)	(377,887)	1,816,903	332,657	-

In accordance with the transitional provisions for the amendments to GRAP 25 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2013 R	2012 R
<b>The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:</b>		
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	432,000	367,800
Effect on the defined benefit obligation	3,298,000	2,898,137
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(343,000)	(292,400)
Effect on the defined benefit obligation	(2,674,000)	(2,362,863)

**17.2 Provision for Long Service Awards**

	2013 R	2012 R
Balance at beginning of year	2,819,152	2,649,111
Contributions to provision	1,263,193	790,675
Expenditure incurred	(214,345)	(620,634)
	<b>3,868,000</b>	<b>2,819,152</b>
Transfer to current provisions	(657,000)	(234,249)
<b>Balance at end of year</b>	<b>3,211,000</b>	<b>2,584,903</b>
<b>Current Portion of Provision for Long Service Awards:</b>		
Balance at beginning of year	234,249	620,634
Transfer from non-current	657,000	234,249
Expenditure incurred	(234,249)	(620,634)
<b>Balance at end of year</b>	<b>657,000</b>	<b>234,249</b>

Provision for Long Service Awards have been restated to transfer the corrected current portion to Current Liabilities. Refer to Note 35.12 on "Comparative Information" for details of the restatement. Furthermore, the provision for rehabilitation of landfill sites has been appropriately accounted for.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R

2012  
R

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 2013 by Mr P Wasserfall, 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, 317 (2012: 314) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2013 is estimated to be R345,601, whereas the cost for the ensuing year is estimated to be R419 000 (30 June 2012: R301,739 and R345,601 respectively).

	2013 R	2012 R
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>		
Discount Rate	8.50%	6.40%
Cost Inflation Rate	8.32%	5.97%
Net Effective Discount Rate	0.17%	0.41%
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	63
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Balance at the beginning of the year	2,819,152	2,649,111
Current service costs	345,601	301,739
Interest cost	173,127	180,064
Benefits paid	(214,345)	(620,634)
Actuarial losses / (gains)	744,465	308,872
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>3,868,000</b>	<b>2,819,152</b>
Actuarial losses / (gains) unrecognised	-	-
<b>Total Recognised Benefit Liability</b>	<b>3,868,000</b>	<b>2,819,152</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	3,868,000	2,819,152
Unfunded Accrued Liability	3,868,000	2,819,152
Actuarial gains / (losses) not recognised	-	-
<b>Total Benefit Liability</b>	<b>3,868,000</b>	<b>2,819,152</b>
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>		
Current service cost	345,601	301,739
Interest cost	173,127	180,064
Actuarial losses / (gains)	744,465	308,872
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 27)</b>	<b>1,263,193</b>	<b>790,675</b>

The history of experienced adjustments is as follows:

	2013 R	2012 R	2011 R	2010 R	2009 R
Present Value of Defined Benefit Obligation	3,868,000	2,819,152	4,872,976	4,421,248	-
<b>Deficit</b>	<b>3,868,000</b>	<b>2,819,152</b>	<b>4,872,976</b>	<b>4,421,248</b>	<b>-</b>
Experienced adjustments on Plan Liabilities	-	118,317	96,249	(23,929)	-
				2013 R	2012 R

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	55,000	29,861
Effect on the defined benefit obligation	254,000	197,848
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(48,000)	(26,655)
Effect on the defined benefit obligation	(229,000)	(178,152)

The municipality expects to make a contribution of R657 000 (2012: R234 249) to the defined benefit plans during the next financial year.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>18. NON-CURRENT PROVISIONS</b>		
Provision for Rehabilitation of Land-fill Sites	<u>436,942</u>	<u>4,529,773</u>
<b>The movement in Non-current Provisions are reconciled as follows:</b>		
Balance at beginning of year	4,529,773	4,422,709
Contributions to provision	-	-
Increase due to discounting	9,911	107,064
<b>Balance at end of year</b>	<u>4,539,683</u>	<u>4,529,773</u>
Transfer to current provisions	(4,102,741)	-
<b>Balance at end of year</b>	<u>436,942</u>	<u>4,529,773</u>

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation costs of R436,942 (2012: R4,529,773) to restore the site at the end of its useful life, estimated to be in 2015. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

**19. ACCUMULATED SURPLUS**

**The Accumulated Surplus consists of the following Internal Funds and Reserves:**

Capital Replacement Reserve (CRR)	5,000,000	5,000,000
Self-insurance Reserve	5,700,369	5,700,369
Accumulated Surplus / (Deficit) due to the results of Operations	651,813,019	659,948,341
<b>Total Accumulated Surplus</b>	<u>662,513,388</u>	<u>670,648,710</u>

*Accumulated Surplus* has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Notes 35 on "Comparative Information" for details of the restatements.

- Recognition of Heritage Assets
- Recognition, restatement and reclassification of Property, Plant and Equipment
- Reclassification of Investment Property
  - Restatement Property Rates
  - Restatement Government Grants Received
  - Restatement of Service Charges
  - Restatement of Gain on Disposal of Assets
  - Restatement of depreciation on Heritage Assets
  - Restatement of Depreciation Charges
  - Restatement of Repairs and Maintenance
  - Restatement of General Expenses
- Reclassification of Receivables from Non-exchange Transactions for Services Rendered
- Reclassification and restatement of Unspent Conditional Grants
- Restatement of Non-Current Provisions

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**2013**  
R                      **2012**  
R

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Self-Insurance Reserve** is a reserve to fund future insurance losses that will not be recouped from external insurers.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus

**20. PROPERTY RATES**

	Property Valuations		Actual Levies	
	July 2013	July 2012	July 2013	July 2012
	R	R	R	R
Residential	1,196,996,763	1,206,513,163	6,036,856	5,100,180
Commercial	408,407,637	400,327,337	3,885,415	3,557,805
Industrial	41,382,000	33,527,400	419,287	328,590
Agricultural	1,560,494,949	1,559,273,899	1,745,405	1,537,906
State	432,745,500	411,669,500	4,644,976	3,739,932
Municipal	174,653,400	139,692,800	-	-
Exempted Properties	119,909,500	115,832,700	-	-
Multiple	15,933,000	16,885,400	135,245	118,239
<b>Total Property Rates</b>	<b><u>3,950,522,749</u></b>	<b><u>3,883,722,199</u></b>	<b><u>16,867,183</u></b>	<b><u>14,382,653</u></b>

*Property Rates* have been restated to correctly eliminate Revenue Foregone in the provision of free basic services, recognised in the previous year. Refer to Note 35.15 "Comparative Information" for details of the restatement.

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last general valuation came into effect on 1 July 2008.

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: 0,0572 c/R (2011/12 0,052 c/R)

Business Properties: 1,144 c/R (2011/12 1,04 c/R)

Agricultural Properties: 0,143 c/R (2011/12 0,13 c/R)

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

**21. GOVERNMENT GRANTS AND SUBSIDIES**

**2013**  
R                      **2012**  
R

National Equitable Share	37,264,000	31,156,000
Provincial Health Subsidies	1,031,324	974,445
Local Economic Development Office	87,990	371,245
Vuna awards	40,000	105,000
Library Grant	1,680,600	59,660
Cacadu District Municipality Grant	375,000	375,000
SETA Training Grant	178,840	113,262
Integrated Development Plan Grant	50,000	50,000
Water Affairs	600,000	1,900,271
Housing Projects	1,714	-
SPU Grant	10,000	-
<b>Operational Grants</b>	<b><u>41,319,468</u></b>	<b><u>35,104,883</u></b>
<b>Conditional Grants</b>	<b><u>10,633,066</u></b>	<b><u>36,038,818</u></b>
National Government FINANCE MANAGEMENT GRANT	1,932,522	2,202,760
National Government MIG	1,912,958	26,924,516
National Government MSIG	805,119	790,000
National Government DME	1,823,792	1,140,000
National Government EPWP	1,000,000	870,871
Other Government Fonteinbos	49,289	72,177
Other Government National Lottery Fund	3,109,386	4,038,494
<b>Total Government Grants and Subsidies</b>	<b><u>51,952,534</u></b>	<b><u>71,143,701</u></b>

*Government Grants and Subsidies* comparative figures have been restated to adhere to the provisions of GRAP 23. Refer to Note 35.16 on "Comparative Information" for details of the restatement.

Furthermore, the comparative figures for *Government Grants and Subsidies* have been restated to correctly adjust for the effects of National Treasury Circular 48 VAT. Refer to Note 35.16 for details of the restatement.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>Operational Grants:</b>		
<b>21.1 National: Equitable Share</b>		
Balance unspent at beginning of year		
Current year receipts	37,264,000	31,156,000
Transferred to Revenue	<u>(37,264,000)</u>	<u>(31,156,000)</u>
	<u>-</u>	<u>-</u>
<p>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 R175.46 (2012: R166), 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.</p>		
<b>21.2 Provincial: Health Subsidies</b>		
Balance unspent at beginning of year	-	-
Current year receipts - included in Public Health vote	1,031,324	974,445
Transferred to Revenue	<u>(1,031,324)</u>	<u>(974,445)</u>
Other Adjustments/Refunds	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<p>This grant has been used to fund environmental health care services (included in Appendix "D"), which services are in a process of being transferred to Provincial Government.</p>		
<b>21.3 Local Government: Local Economic Development Office</b>		
Balance unspent at beginning of year	-	426,526
Adjustment to opening balance - Refer to note 35.11	-	(426,526)
Current year receipts	87,990	371,245
Transferred to Revenue	<u>(87,990)</u>	<u>(493,789)</u>
Adjustment to Government Grants and Subsidies - Refer to note 35.11	<u>-</u>	<u>122,544</u>
	<u>-</u>	<u>-</u>
<b>21.4 Local Government: Vuna Awards</b>		
Balance unspent at beginning of year	-	-
Current year receipts	40,000	105,000
Transferred to Revenue	<u>(40,000)</u>	<u>-</u>
Adjustment to Government Grants and Subsidies - Refer to note 35.11	<u>-</u>	<u>(105,000)</u>
	<u>-</u>	<u>-</u>
<b>21.5 Local Government: Library Grant</b>		
Balance unspent at beginning of year	(3,884)	(299,175)
Current year receipts	1,684,484	354,951
Transferred to Revenue	<u>(1,680,600)</u>	<u>(59,660)</u>
Transferred to Receivables (see Note 4)	<u>-</u>	<u>(3,884)</u>
	<u>-</u>	<u>-</u>
<b>21.6 Local Government: Cacadu District Municipality Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	375,000	375,000
Transferred to Revenue	<u>(375,000)</u>	<u>(375,000)</u>
	<u>-</u>	<u>-</u>
<b>21.7 Local Government: SETA Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	178,840	113,262
Transferred to Revenue	<u>(178,840)</u>	<u>(113,262)</u>
	<u>-</u>	<u>-</u>
<b>21.8 Local Government: Integrated Development Plan Grant</b>		
Balance unspent at beginning of year	-	431,136
Adjustment to opening balance - Refer to note 35.11	-	(431,136)
Current year receipts	50,000	50,000
Transferred to Revenue	<u>(50,000)</u>	<u>(68,692)</u>
Adjustment to Government Grants and Subsidies - Refer to note 35.11	<u>-</u>	<u>18,692</u>
	<u>-</u>	<u>-</u>
<b>21.9 Local Government: Water Affairs Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	600,000	1,900,271
Transferred to Revenue	<u>(600,000)</u>	<u>(1,405,479)</u>
Adjustment to Government Grants and Subsidies - Refer to note 35.11	<u>-</u>	<u>(494,792)</u>
Outstanding receipts	<u>(825,266)</u>	<u>-</u>
Transferred to Receivables (see Note 4)	<u>(825,266)</u>	<u>-</u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>21.10 Local Government: SPU Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	10,000	-
Transferred to Revenue	(10,000)	-
	<u>-</u>	<u>-</u>
<b>21.11 Housing Projects</b>		
Balance unspent at beginning of year	-	600,873
Adjustment to opening balance - Refer to note 35.11	-	(600,873)
Current year receipts	1,714	-
Transferred to Revenue	(1,714)	(600,873)
Adjustment to Government Grants and Subsidies - Refer to note 35.11	-	600,873
	<u>-</u>	<u>-</u>
<b>21.12 Thina Sinako</b>		
Balance unspent at beginning of year	-	7,906
Adjustment to opening balance - Refer to note 35.11	-	(7,906)
	<u>-</u>	<u>-</u>
<b>21.13 Town Planning Project</b>		
Balance unspent at beginning of year	-	166,455
Adjustment to opening balance - Refer to note 35.11	-	(166,455)
	<u>-</u>	<u>-</u>
<b>21.14 Review of Water Service Development Plan</b>		
Balance unspent at beginning of year	-	23,246
Adjustment to opening balance - Refer to note 35.11	-	(23,246)
	<u>-</u>	<u>-</u>
<b>21.15 Water Conservation and Demand Management Plan</b>		
Balance unspent at beginning of year	-	32,774
Adjustment to opening balance - Refer to note 35.11	-	(32,774)
	<u>-</u>	<u>-</u>
<b>21.16 Aloe Project</b>		
Balance unspent at beginning of year	-	29,479
Adjustment to opening balance - Refer to note 35.11	-	(29,479)
	<u>-</u>	<u>-</u>
<b>21.17 Free Protestant Church Cemetary</b>		
Balance unspent at beginning of year	-	11,072
Adjustment to opening balance - Refer to note 35.11	-	(11,072)
Transferred to Revenue	-	(2,330)
Adjustment to Government Grants and Subsidies - Refer to note 35.11	-	2,330
	<u>-</u>	<u>-</u>
<b>21.18 Cradock Street Cemetary</b>		
Balance unspent at beginning of year	-	19,126
Adjustment to opening balance - Refer to note 35.11	-	(19,126)
	<u>-</u>	<u>-</u>
<b>21.19 Comprehensive Infrastructure Plan</b>		
Balance unspent at beginning of year	-	189,756
Adjustment to opening balance - Refer to note 35.11	-	(189,756)
	<u>-</u>	<u>-</u>
<b>21.20 Voting Stations</b>		
Balance unspent at beginning of year	-	74,389
Adjustment to opening balance - Refer to note 35.11	-	(74,389)
Transferred to Revenue	-	(61,021)
Adjustment to Government Grants and Subsidies - Refer to note 35.11	-	61,021
	<u>-</u>	<u>-</u>



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>Conditional Grants:</b>		
<b>21.21 National: FMG Grant</b>		
Balance unspent at beginning of year	(166,760)	-
Current year receipts	1,750,000	2,036,000
Conditions met - transferred to Revenue: Operating Expenses	(1,407,148)	(1,755,054)
Conditions met - transferred to Revenue: Capital Expenses	(333,266)	(243,160)
Other Adjustments - Refer to note 35.16	(192,108)	(204,546)
Transferred to Receivables (see Note 4)	<u>(349,282)</u>	<u>(166,760)</u>
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.		
<b>21.22 National: MIG Funds</b>		
Balance unspent at beginning of year	(20,946,746)	(6,995,230)
Current year receipts	15,735,000	12,973,000
Conditions met - transferred to Revenue: Operating Expenses	(758,714)	(656,685)
Conditions met - transferred to Revenue: Capital Expenses	(1,008,991)	(23,223,773)
Other Adjustments - Refer to note 35.16	(145,253)	(3,044,058)
Transferred to Receivables (see Note 4)	<u>(7,124,704)</u>	<u>(20,946,746)</u>
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.		
<b>21.23 National: MSIG Funds</b>		
Balance unspent at beginning of year	-	-
Current year receipts	800,000	790,000
Conditions met - transferred to Revenue: Operating Expenses	(723,385)	(790,000)
Conditions met - transferred to Revenue: Capital Expenses	(42,572)	-
Other Adjustments	(39,162)	-
Transferred to Receivables (see Note 4)	<u>(5,119)</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.		
<b>21.24 National: Department of Minerals and Energy</b>		
Balance unspent at beginning of year	(140,000)	-
Current year receipts	1,600,000	1,000,000
Conditions met - transferred to Revenue: Capital Expenses	(1,599,818)	(4,545,892)
Adjustment to Government Grants and Subsidies - Refer to note 35.16	-	3,545,892
Other Adjustments - Refer to note 35.16	(223,974)	(140,000)
Transferred to Receivables (see Note 4)	<u>(363,792)</u>	<u>(140,000)</u>
Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.		
<b>21.25 National Government: EPWP</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1,000,000	870,871
Conditions met - transferred to Revenue: Operating Expenses	(1,000,000)	(870,871)
	<u>-</u>	<u>-</u>
Expenses were incurred to promote rural development. No funds have been withheld.		
<b>21.26 Other Government: Fonteinbos</b>		
Balance unspent at beginning of year	1,798,480	1,870,656
Conditions met - transferred to Revenue: Operating Expenses	(43,236)	(63,313)
Other Adjustments - Refer to note 35.16	(6,053)	(8,864)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>1,749,191</u>	<u>1,798,480</u>
No funds have been withheld.		
<b>21.27 Local Government: National Lottery Fund</b>		
Balance unspent at beginning of year	(238,494)	3,800,000
Current year receipts	2,001,200	-
Conditions met - transferred to Revenue: Capital Expenses	(2,727,532)	(3,542,539)
Other Adjustments	(381,854)	(495,955)
Transferred to Receivables (see Note 4)	<u>(1,346,680)</u>	<u>(238,494)</u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>21.28 Changes in levels of Government Grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2013), government grant funding is expected to increase over the forthcoming three financial years.		
<b>22. PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Other Donations	-	1,600,149
<b>Total Public Contributions and Donations</b>	<u>-</u>	<u>1,600,149</u>
<b>23. SERVICE CHARGES</b>		
Sale of Electricity	66,233,887	56,207,095
Sale of Water	15,154,754	14,503,064
Refuse Removal	2,889,155	3,010,155
Sewerage and Sanitation Charges	5,768,463	5,614,549
Other Service Charges	823,700	730,788
<b>Total Service Charges</b>	<u>90,869,959</u>	<u>80,065,650</u>
<i>Service Charges</i> have been restated to correctly eliminate Revenue Foregone in the provision of free basic services, recognised in the previous year. Refer to Note 35 17 "Comparative Information" for details of the restatement.		
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.		
<b>24. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Amenities	67,765	70,601
Rental Revenue from Buildings	73,818	61,193
Rental Revenue from Halls	156,410	179,553
Rental Revenue from Land	96,833	93,312
Rental Revenue from Other Facilities	228,490	225,400
<b>Total Rental of Facilities and Equipment</b>	<u>623,317</u>	<u>630,059</u>
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
<b>25. INTEREST EARNED</b>		
<b>External Investments:</b>		
Bank Account	169,850	195,957
Investments	1,931,414	1,833,378
	<u>2,101,264</u>	<u>2,029,335</u>
<b>Outstanding Debtors:</b>		
Long-term Debtors	284	966
Outstanding Billing Debtors	3,551,246	2,760,813
	<u>3,551,530</u>	<u>2,761,779</u>
<b>Total Interest Earned</b>	<u>5,652,794</u>	<u>4,791,114</u>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Held-to-Maturity Investments	2,101,264	2,029,335
Loans and Receivables	3,551,530	2,761,779
	<u>5,652,794</u>	<u>4,791,114</u>
<b>26. OTHER REVENUE</b>		
Bulk Contributions	127,105	59,509
Insurance Claims	727,573	774,525
Printing, Stationary and Registration	96,072	93,757
Sundry Income	174,998	173,993
Tender Documents	28,828	19,136
Work done for private persons	399,621	421,995
Interdepartmental Charges	58,247	80,138
Fair value adjustment	-	435,254
<b>Total Other Revenue</b>	<u>1,612,444</u>	<u>2,058,307</u>
The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 20 to 25, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.		

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>27. EMPLOYEE RELATED COSTS</b>		
Employee Related Costs - Salaries and Wages	38,611,689	36,076,703
Basic Salaries and Wages	38,430,293	35,303,061
Contribution to Leave Fund	181,396	560,773
Service Bonuses	-	212,869
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	8,661,361	8,565,579
Group Life	403,096	419,899
Medical	2,014,479	2,348,577
Pension	5,898,553	5,485,516
UIF	345,233	311,587
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1,098,798	1,280,197
Allowances	1,098,798	1,280,197
Housing Benefits and Allowances	124,061	118,279
Overtime Payments	1,935,054	1,615,210
Performance Bonuses	273,663	1,293,541
Defined Benefit Plan Expense:	3,876,189	1,085,814
Current Service Cost	942,101	377,240
Interest Cost	1,564,427	739,635
Net Actuarial (gains)/losses recognised	1,369,661	(31,061)
<b>Total Employee Related Costs</b>	<b>54,580,815</b>	<b>50,035,323</b>

*Prior year Employee Related Costs* have been restated to correctly eliminate the current portion of provision for retirement benefits and long service awards, incorrectly accounted for previously. Refer to Note 35.19 on "Comparative Information" for details of the restatement.

**Remuneration of Section 57 Employees:**

**Remuneration of the Municipal Manager**

Annual Remuneration	674,748	696,600
Performance Bonus	97,366	67,222
Car and Other Allowances	75,132	78,978
Company Contributions to UIF, Medical and Pension Funds	97,657	109,517
<b>Total</b>	<b>944,903</b>	<b>952,317</b>

The managers' contract expired on 30 April 2013. An Acting Allowance was paid for the period 01 May 2013 to 30 June 2013.

**Remuneration of the Chief Financial Officer**

Annual Remuneration	621,733	586,565
Performance Bonus	77,892	60,499
Car and Other Allowances	120,000	120,000
Company Contributions to UIF, Medical and Pension Funds	1,784	1,497
<b>Total</b>	<b>821,409</b>	<b>768,561</b>

**Remuneration of the Manager: Corporate Services**

Annual Remuneration	527,868	497,666
Performance Bonus	77,892	31,370
Car and Other Allowances	120,000	12,000
Company Contributions to UIF, Medical and Pension Funds	95,649	90,397
<b>Total</b>	<b>821,409</b>	<b>631,433</b>

**Remuneration of the Manager: Technical Services**

Annual Remuneration	596,746	565,402
Performance Bonus	77,892	53,777
Car and Other Allowances	64,687	64,687
Company Contributions to UIF, Medical and Pension Funds	82,084	77,974
<b>Total</b>	<b>821,409</b>	<b>761,840</b>

**28. REMUNERATION OF COUNCILLORS**

Mayor	420,603	315,121
Councillors	2,342,283	2,387,216
Other Allowances (Cellular Phones, Housing, Transport, etc)	188,872	11,748
<b>Total Councillors' Remuneration</b>	<b>2,951,758</b>	<b>2,714,085</b>

**Remuneration of Councillors:**

**In-kind Benefits**

The Councillors occupying the positions of the Mayor serve in a full-time capacity and is provided with office accommodation and secretarial support at the expense of the municipality in order to enable adequate performance of their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

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

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
Security Services were rendered at the houses of the Mayor at the expense of the municipality.		
<b>29. DEPRECIATION AND AMORTISATION</b>		
Depreciation: Property, Plant and Equipment	27,587,190	25,513,306
Amortisation: Intangible Assets	5,414	-
Depreciation: Investment Property	11,760	11,760
<b>Total Depreciation and Amortisation</b>	<b>27,604,363</b>	<b>25,525,066</b>
<i>Depreciation and Amortisation have been restated to correctly disclose the expense on assets not previously recognised in terms of GRAP 17. Refer to Note 35.20 on "Comparative Information" for details of the restatement.</i>		
<i>Furthermore, Depreciation and Amortisation have been restated for the correction of error in assessment of estimated useful lives.</i>		
<b>30. IMPAIRMENT LOSSES</b>		
<i>30.1 Impairment Losses on Financial Assets</i>		
<b>Impairment Losses Recognised:</b>	2,751,942	6,537,915
Receivables from Exchange Transactions	2,303,142	6,203,705
Receivables from Non-exchange Transactions	448,800	334,210
<b>Impairment Losses Reversed:</b>	-	5,977,129
Receivables from Non-exchange Transactions	-	5,977,129
	<b>2,751,942</b>	<b>12,615,044</b>
<b>Total Impairment Losses</b>	<b>2,751,942</b>	<b>12,615,044</b>
<i>Impairment Losses have been restated to correct the Provision for Doubtful Debts balances in the prior years. Refer to Note 35.21 on "Comparative Information" for details of the restatement.</i>		
<b>31 BULK PURCHASES</b>		
Electricity	41,041,199	35,775,769
Water	-	(82,313)
<b>Total Bulk Purchases</b>	<b>41,041,199</b>	<b>35,693,456</b>
<b>32. CONTRACTED SERVICES</b>		
Internal Audit	423,827	558,562
Security Services	1,092,356	950,228
<b>Total Contracted Services</b>	<b>1,516,183</b>	<b>1,508,790</b>
<b>33. GRANTS AND SUBSIDIES PAID</b>		
Student Bursaries	-	13,750
Subsidies To SPCA	18,000	18,000
<b>Total Grants and Subsidies</b>	<b>18,000</b>	<b>31,750</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>34. GENERAL EXPENSES</b>		
Included in General Expenses are the following		
Adverts, Printing & Stationary	556,812	346,467
Affiliations & Subscriptions	625,615	412,352
Audit Committee	53,403	56,764
Audit Fees - External	1,653,608	2,225,817
Bank Charges	448,014	266,314
Celebration Of National Days	41,157	47,555
Chemicals	1,198,458	739,933
Consumables	152,640	87,461
Contribution of IGG subsidy	-	1,701
Copiers And Fax Lease Payments	371,481	270,786
Copiers And Fax Maintenance	390,188	147,830
Entertainment - Public / Visitors	49,313	80,164
Fmg Operating Expenditure	1,407,148	1,659,586
General Expenses	521,063	8,608
Housing grant	101,764	-
Insurance - General	1,086,991	1,503,087
Legal Costs & Litigation	7,958	52,977
Levy - Seta Skills Development	423,281	374,160
Levy - Water Research Fund: Dwaf	145,806	71,624
Linen - Financed From Lain Estate	65,146	2,139,495
Marketing Plan	-	43,860
Materials, Stores & Requiremnt	318,750	193,033
Msig operating expenditure	723,992	-
Municipal Service Charges	14,992,008	11,034,242
Office Tea & Requirements	2,630	2,184
Postage	449,250	402,530
Prepaid Commission	459,349	117,273
Professional Fees	30,646	93,074
Provision For Landfill Sites	9,911	107,064
Pmu operating expenditure	758,714	-
Publicity	120,000	120,000
Stipends: Ward committee	524,280	-
Spu Project	35,172	22,965
Stock losses	28,821	-
Telephones	1,816,815	1,092,298
Testing - Biological Samples	79,999	48,614
Training Courses	193,465	221,578
Travelling And Subsistence	564,073	797,255
Valuation Services	237,127	5,990
Work Done For Private Persons	533,148	507,432
Inter-Departmental Transfers	3,275,241	2,474,365
<b>Total General Expenses</b>	<b><u>34,453,237</u></b>	<b><u>27,776,438</u></b>

*General Expenses* have been restated to correctly eliminate expenditure incurred in terms of a free basis services and Indigent Policy. Refer to Note 35.23 on "Comparative Information" for details of the restatement.

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.

**34.1 Material Losses**

	9,420,281	4,806,411
Distribution Losses		
Electricity Losses	1,496,904	2,531,498
Water Losses	7,923,376	2,274,913

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

No other extra-ordinary expenses were incurred.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R

2012  
R

**35. COMPARATIVE INFORMATION**

The comparative information has changed because of changes in accounting policies, adoption of new accounting policies and errors incurred in the prior year. For the detail of each change, please refer to the notes that relate to changes in accounting policies (note 36) and errors (note 37).

	Balances and transactions as disclosed in the audited 2011/12 AFS	Restated 2011/12 AFS	Difference	Reference to notes
<b>Statement of Financial Position</b>				
<b>Current Assets</b>				
Inventories	3,641,578	3,727,277	85,699	35.1
Receivables from Exchange Transactions	15,450,950	13,945,614	(1,505,336)	35.2
Receivables from Non-exchange Transactions	25,001,360	24,972,601	(28,759)	35.3
VAT Receivable	1,531,354	1,650,874	119,520	35.4
<b>Non-Current Assets</b>				
Property, Plant and Equipment	621,372,605	647,783,319	26,410,714	35.5
Investment Property	4,678,653	223,276	(4,455,377)	35.6
Heritage Assets	-	2,370,000	2,370,000	35.7
<b>Current Liabilities</b>				
Current Portion of Long-term Liabilities	1,326,774	929,337	(397,437)	35.8
Payables from Exchange Transactions	13,467,066	12,101,903	(1,365,163)	35.9
Payables from Non-Exchange Transactions	-	4,639,592	4,639,592	35.10
Unspent Conditional Grants and Receipts	4,697,915	1,798,480	(2,899,435)	35.11
<b>Non-Current Liabilities</b>				
Employee Benefit Liabilities	21,105,015	20,175,678	(929,337)	35.12
Non-current Provisions	8,500,000	4,529,773	(3,970,227)	35.13
<b>Net Assets</b>				
Accumulated Surplus/Deficit	642,730,243	670,648,710	27,918,467	35.14
<b>Statement of Financial Performance</b>				
<b>REVENUE</b>				
<b>Revenue from Non-exchange Transactions</b>				
Property Rates	15,628,573	14,382,653	(1,245,920)	35.15
Government Grants & Subsidies	71,001,839	71,143,701	141,862	35.16
<b>Revenue from Exchange Transactions</b>				
Service Charges	87,877,933	80,065,650	(7,812,283)	35.17
Gains on Disposal of Property, Plant and Equipment	6,840	78,247	71,407	35.18
Other revenue	1,287,042	2,058,307	771,265	35.24
<b>EXPENDITURE</b>				
Employee Related Costs	51,362,089	50,035,323	(1,326,766)	35.19
Depreciation and Amortisation	25,079,742	25,525,066	445,324	35.20
Impairment Losses	7,889,093	12,515,044	4,625,951	35.21
Repairs and Maintenance	11,244,823	8,685,340	(2,559,483)	35.22
General Expenses	38,258,137	27,776,438	(10,481,699)	35.23
<b>Account Heading/Transaction</b>				
		<b>Reason for Adjustment</b>	<b>Amount</b>	
<b>35.1 Inventories</b>				
The full amount relates to inventory not recognised in the prior year.		Error	<u>85,699</u>	
<b>35.2 Receivables from Exchange Transactions</b>				
Sale of land not recognised in the prior year		Error	178,600	
Adjustment for reclassification of negative debtors balances		Error	888,751	
Increase in provision for impairment of debtors		Error	(2,667,408)	
Prior year accounting errors		Error	94,721	
			<u>(1,505,336)</u>	
<b>35.3 Receivables from Non-exchange Transactions</b>				
Decrease in provision for impairment of debtors		Error	225,103	
Adjustment for reclassification of negative debtors balances		Error	1,106,699	
Reclassification of Unspent Conditional Grants		Error	(371,892)	
Accounting for VAT on conditional grants		Error	(372,942)	
Prior year accounting errors		Error	(615,727)	
			<u>(28,759)</u>	
<b>35.4 VAT receivable</b>				
Vat on an adjustment to expenditure		Error	<u>119,520</u>	

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

		2013	2012
		R	R
<b>35.5 Property, Plant and Equipment</b>			
Reclassify land and buildings from investment properties	Reclassification	4,527,240	
Reclassify assets that meet the definition of heritage assets	GRAP 103	(2,370,000)	
Correction of error in calculation of depreciation	Error	18,379,377	
Correction of error in assessment of estimated useful lives	Error	4,070,696	
Write back depreciation on assets that meet the definition of heritage assets	GRAP 103	1,383,566	
Prior year accounting errors	Error	419,835	
		<u>26,410,714</u>	
<b>35.6 Investment Properties</b>			
Reclassify land and buildings to property, plant and equipment	Reclassification	(4,527,240)	
Write back depreciation on land	Reclassification	71,863	
		<u>(4,455,377)</u>	
<b>35.7 Heritage Assets</b>			
Recognition of heritage assets	GRAP 103	<u>2,370,000</u>	
<b>35.8 Current Portion of Long-term Liabilities</b>			
Restatement of current portion	Error	(1,326,774)	
Restatement of current portion	Error	929,337	
		<u>(397,437)</u>	
<b>35.9 Payables from Exchange Transactions</b>			
Adjustment for reclassification of negative debtors balances	Error	888,751	
Reclassify to non-exchange payables	Reclassification	(1,958,599)	
Double accounting for fair value reversal	Error	(75,482)	
Prior year accounting errors		<u>(219,833)</u>	
		<u>(1,365,163)</u>	
<b>35.10 Payables from Non-Exchange Transactions</b>			
Reclassify from exchange payables	Reclassification	3,532,893	
Adjustment for reclassification of negative debtors balances	Error	1,106,699	
		<u>4,639,592</u>	
<b>35.11 Unspent Conditional Grants and Receipts</b>			
Adoption of GRAP23	GRAP 23	(2,303,025)	
Accounting for VAT on conditional grants	Error	(224,516)	
Reclassification of to Receivables from Non-Exchange transactions	Error	(371,894)	
		<u>(2,899,435)</u>	
<b>35.12 Employee Benefit Liabilities</b>			
Transfer the correct short term portion to provisions	Error	(929,337)	
		<u>(929,337)</u>	
<b>35.13 Non-current Provisions</b>			
Error in calculation of provision for rehabilitation of landfill sites	Error	(3,970,227)	
		<u>(3,970,227)</u>	
<b>35.14 Accumulated Surplus/Deficit</b>			
<b>Adjustment to balances at June 2011</b>			
The effect of adjustments to PPE, Investment Properties and Heritage Assets	Error	18,059,932	
The effect of adjustments to PPE, Investment Properties and Heritage Assets	Change in Policy	1,347,776	
Adoption of GRAP 23	Change in Policy	2,012,738	
Correctly accounting for Provision for Landfill sites and PPE	Error	5,275,012	
<b>Adjustment to balances at June 2012</b>			
The effect of adjustments to PPE, Investment Properties and Heritage Assets	Error	(440,163)	
Adoption of GRAP 23	Change in Policy	290,287	
Restatement of Unspent Conditional Grants	Error	(148,425)	
Correction of fair value adjustment accounted for twice	Error	435,255	
Restatement of prior year current portion	Error	1,326,774	
Restatement of Property rates	Error	(1,245,933)	
Restatement of Service charges	Error	(7,812,283)	
Restatement of Gain on disposal of assets	Error	71,407	
Restatement of Other Revenue	Error	336,012	
Restatement of Impairment Losses	Error	(4,625,951)	
Restatement of Repairs and maintenance	Error	2,559,484	
Restatement of General expenses	Error	11,383,770	
Correctly accounting for Provision for Landfill sites and PPE	Error	(907,226)	
		<u>27,918,467</u>	
<b>35.15 Property Rates</b>			
Incorrect accounting for Free Basic Revenue	Error	(630,192)	
Restatement of revenue for adjustments to debtors accounts	Error	(615,728)	
		<u>(1,245,920)</u>	

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

		2013	2012
		R	R
<b>35.16 Government Grants &amp; Subsidies</b>			
GRAP 23 retrospective adjustment	GRAP 23	290,287	
Incorrect application of GRAP 23	Error	<u>(148,425)</u>	
		<u>141,862</u>	
<b>35.17 Service Charges</b>			
Incorrect accounting for Free Basic Revenue	Error	(7,547,232)	
Restatement of revenue for adjustments to debtors accounts	Error	<u>(265,051)</u>	
		<u>(7,812,283)</u>	
<b>35.18 Gains on Disposal of Property, Plant and Equipment</b>			
Disposal not recognised in the prior year	Error	<u>71,407</u>	
<b>35.19 Employee related costs</b>			
Employee benefit obligation was overstated	Error	<u>1,326,766</u>	
<b>35.20 Depreciation and Amortisation</b>			
Correction of error in calculation of depreciation	Error	(18,379,377)	
Correction of error in assessment of estimated useful lives	Error	(4,070,696)	
Write back depreciation on assets that meet the definition of heritage assets	GRAP 103	(1,383,566)	
Write back depreciation on land	Reclassification	(71,863)	
Amount effecting opening accumulated surplus	Error	23,466,658	
Incorrect accounting for initial cost for rehabilitation of landfill sites	Error	(5,162)	
Prior year accounting errors	Error	<u>(1,318)</u>	
		<u>(445,324)</u>	
<b>35.21 Impairment Losses</b>			
Bad debts not written off in the prior year (part equitable share grant)	Error	(3,086,813)	
Increase in the provision for impairment of Exchange debtors	Error	(2,667,405)	
Decrease in the provision for impairment of Non-Exchange debtors	Error	225,103	
Reclassification to repairs and maintenance	Error	<u>903,164</u>	
		<u>(4,625,951)</u>	
<b>35.22 Repairs and Maintenance</b>			
Amount incorrectly expensed which should have been capitalised	Error	(3,538,036)	
Reclassification from Impairment losses	Error	903,164	
Prior year accounting errors	Error	<u>75,389</u>	
		<u>(2,559,483)</u>	
<b>35.23 General Expenses</b>			
Correction of equitable share grant funding	Error	11,383,766	
Incorrect accounting for discounting of provision for rehabilitation of landfill sites	Error	<u>(902,067)</u>	
		<u>10,481,699</u>	
<b>35.24 Other revenue</b>			
Correction of fair value adjustment accounted for twice	Error	435,253	
Prior year accounting errors	Error	<u>336,012</u>	
		<u>771,265</u>	
<b>36. CHANGE IN ACCOUNTING POLICY</b>			
The municipality adopted the following 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.			
- GRAP 21 Impairment of Non-cash-generating Assets			
- GRAP 23 Revenue from Non-exchange Transactions			
- GRAP 24 Presentation of Budget Information in Financial Statements			
- GRAP 26 Impairment of Cash-generating Assets			
- GRAP 103 Heritage Assets			
- GRAP 104 Financial Instruments			
<b>36.1 Adoption of GRAP 103 - Heritage Assets</b>			
GRAP 103 became effective for all year-end starting on or after 1 April 2012. The municipality has adopted GRAP 103 for the first time in the current year. The statement has been retrospectively applied and as a result the opening retained earning and the prior year comparatives have been restated. Items of property, plant and equipment that meet the definition of heritage assets have been reclassified and the related depreciation has been written back. Property, plant and equipment, Heritage Assets, Depreciation and Opening Accumulated Surplus has been restated as a result of the adoption of GRAP 103.			
The comparative amounts have been restated as reflected in note 35.			
<b>36.2 Adoption of GRAP 23 - Revenue from non-exchange transactions</b>			
GRAP 23 became effective for all year-end starting on or after 1 April 2012. The municipality has adopted GRAP 23 for the first time in the current year. The statement has been retrospectively applied and as a result the opening retained earning and the prior year comparatives have been restated. Grants have been re-assessed and liabilities have been raised for all grants for which conditions have not been met at year-end. All other grant funding has been recognised as revenue. Unspent Conditional Grants & Receipts Obligation, Opening Accumulated Surplus and Government Grants & Subsidies Revenue has been restated as a result of the adoption of GRAP 23.			
The comparative amounts have been restated as reflected in note 35.			
<b>36.3 Adoption of remaining standards</b>			
The adoption of the remaining standards listed in the opening paragraph of this note had no impact on the prior year.			



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R                      2012  
R

**37 CORRECTION OF ERROR and RECLASSIFICATIONS**

The municipality processed corrections of errors identified in the current that relate to the prior year. The comparative information has been adjusted accordingly. Please refer to note 35 for the quantitative effect of such adjustments.

**37.1 Restatement of Inventory**

The prior year figures of Inventory have been restated to correctly disclose Inventory items not accrued for in the previous financial year.

**37.2 Receivables from Exchange Transactions**

Sale of land not recognised in the prior year in error.

The method of determining the provision for impairment of receivables was revisited in the current year. The same method was applied to the comparative year and as a result an adjustment was required.

Prior year fair value adjustment was incorrectly reversed twice. The error was corrected in the prior year.

**37.3 Receivables from Non-exchange Transactions**

The method of determining the provision for impairment of receivables was revisited in the current year. The same method was applied to the comparative year and as a result an adjustment was required.

The municipality treated the receipt of the equitable share incorrectly in the prior year. On reversal of this entry, debtors were identified that should have been written off in the prior year.

**37.4 VAT receivable**

The municipality treated the receipt of the equitable share incorrectly in the prior year. The correction of this entry resulted in a small adjustment to the VAT receivable account.

**37.5 Property, Plant and Equipment**

Certain items of land and buildings were incorrectly classified as investment properties in the prior year. These assets have been correctly reclassified as property, plant and equipment. An adjustment was processed for depreciation because of the differing rates.

An error was made on the assessment of the estimated useful lives and the resultant calculation of depreciation. Depreciation and accumulated depreciation has been adjusted accordingly to correct this error.

The initial estimate of provision for rehabilitation of the landfill sites was incorrectly omitted. This was corrected in the earliest date of the prior period.

**37.6 Investment Properties**

Certain items of land and buildings were incorrectly classified as investment properties in the prior year. These assets have been correctly reclassified as property, plant and equipment. An adjustment was processed for depreciation because of the differing rates.

**37.7 Provisions**

The obligation for long service awards and post retirement benefits raised in the prior year did not agree to the actuarial valuation. Both the long term and short term portion of the related obligations have been restated to agree to the actuary's valuation report.

**37.8 Payables from Exchange Transactions**

Reclassify from payables between exchange and non-exchange payables.

Prior year fair value adjustment was incorrectly reversed twice. The error was corrected in the prior year.

**37.9 Payables from Non-Exchange Transactions**

Reclassify from payables between exchange and non-exchange payables.

Recognitions of invoices not accrued for in prior year(s) in error.

**37.10 Current Portion of Long-term Liabilities**

The obligation for long service awards and post retirement benefits raised in the prior year did not agree to the actuarial valuation. Both the long term and short term portion of the related obligations have been restated to agree to the actuary's valuation report.

**37.11 Employee Benefit Liabilities**

The obligation for long service awards and post retirement benefits raised in the prior year did not agree to the actuarial valuation. Both the long term and short term portion of the related obligations have been restated to agree to the actuary's valuation report.

**37.12 Non-current Provisions**

The obligation for long service awards and post retirement benefits raised in the prior year did not agree to the actuarial valuation. Both the long term and short term portion of the related obligations have been restated to agree to the actuary's valuation report.

The effects of revisiting the provision for rehabilitation of landfill sites.

**37.13 Accumulated Surplus/Deficit**

Accumulated surplus has been adjusted by the net effect of the adjustments passed that effect the opening retained earnings.

**37.14 Property Rates**

The municipality treated the receipt of the equitable share incorrectly in the prior year. The reversal of this incorrect treatment effected several accounts.

The effects of adjustments to debtors accounts in current year for debts charged in prior year.

**37.15 Government Grants & Subsidies**

Revenue has been adjusted because in the prior year revenue was recognised when all the conditions of the grant had not been met.

**37.16 Service Charges**

Correction of equitable share grant funding

The effects of adjustments to debtors accounts in current year for debts charged in prior year.

**37.17 Gains on Disposal of Property, Plant and Equipment**

Sale of land not recognised in the prior year in error.

**37.18 Employee related costs**

The obligation for long service awards and post retirement benefits raised in the prior year did not agree to the actuarial valuation. Both the long term and short term portion of the related obligations have been restated to agree to the actuary's valuation report.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R                      2012  
R

**37.19 Depreciation and Amortisation**

An error was made on the assessment of the estimated useful lives and the resultant calculation of depreciation. Depreciation and accumulated depreciation has been adjusted accordingly to correct this error.

**37.20 Impairment Losses**

The method of determining the provision for impairment of receivables was revisited in the current year. The same method was applied to the comparative year and as a result an adjustment was required.

The municipality treated the receipt of the equitable share incorrectly in the prior year. On reversal of this entry, debtors were identified that should have been written off in the prior year.

**37.21 Repairs and Maintenance**

Certain expense items were identified that should have been capitalised. An entry has been posted to correct this error.

**37.22 General Expenses**

The municipality treated the receipt of the equitable share incorrectly in the prior year. The reversal of this incorrect treatment effected several accounts.

The corrected expenditure for provision for rehabilitation of landfill sites was taken into account.

**38. CASH GENERATED BY OPERATIONS**

(Deficit) / Surplus for the Year	(8,135,322)	12,022,179
Adjustment for:		
Investment income	(5,652,794)	(4,791,114)
Depreciation and Amortisation	27,604,363	25,525,066
Losses / (Gains) on Disposal of Property, Plant and Equipment	42,310	(78,247)
Lease expenses arising from SL	(2,186)	(23,558)
Equitable share adjustment	-	11,760
Contribution to Provisions - Current	5,264,264	(130,193)
Contribution to Provisions - Non-current	(1,574,509)	1,590,315
Contribution to Impairment Provision	2,794,589	10,331,394
Allowance overpayment	-	-
<b>Operating surplus before working capital changes</b>	<b>20,340,715</b>	<b>44,457,602</b>
Decrease/(increase) in Inventories	574,266	(586,031)
Decrease/(increase) in Receivables	3,317,614	(25,241,998)
Increase/(Decrease) in Creditors	3,708,031	(1,136,909)
Decrease/(increase) in VAT Receivable	1,192,917	2,090,232
Increase/(Decrease) in Conditional Grants Liability	(49,294)	3,320,900
<b>Cash generated by / (utilised in) Operations</b>	<b>29,084,249</b>	<b>22,903,797</b>

**39. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**39.1 Unauthorised Expenditure**

Reconciliation of Unauthorised Expenditure

Opening balance	120,476	-
Unauthorised Expenditure current year	15,075,645	120,476
Unauthorised Expenditure awaiting authorisation	<u>15,196,121</u>	<u>120,476</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted votes exceeded -</i>	
<i>CORPORATE SERVICES - ADMINISTRATION R 0 (2012 - R 120 476)</i>	<i>To be condoned by Council</i>
<i>CORPORATE SERVICES - COMMUNITY SERVICE R 10 042 954 (2012 - R 0)</i>	<i>To be condoned by Council</i>
<i>TECHNICAL SERVICES: ENGINEERING R 3 684 106 (2012 - R 0)</i>	<i>To be condoned by Council</i>
<i>TECHNICAL SERVICES: ELECTRICAL R 1 348 585 (2012 - R 0)</i>	<i>To be condoned by Council</i>

**39.2 Fruitless and Wasteful Expenditure**

To management's knowledge, there were no indications that Fruitless and Wasteful Expenditure was incurred during the year under review were not revealed.

**39.3 Irregular Expenditure**

Irregular expenditure to the value of R 347 525 (2012 - R 345 841) has been identified during the current year.

It was identified that an award by the Municipality was made to a person who was in the service of the state at the time of making the award.

Reconciliation of Irregular Expenditure

Opening balance	931,603	585,761
Irregular Expenditure current year	347,525	345,841
Irregular Expenditure awaiting authorisation	<u>1,279,128</u>	<u>931,603</u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>40 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>40.1 Contributions to organised local government - SALGA</b>		
Opening Balance	-	-
Council Subscriptions	453,457	292,015
Amount Paid - current year	(453,457)	(292,015)
<b>Balance Unpaid (Included in Creditors)</b>	<b>-</b>	<b>-</b>
<b>40.2 Audit Fees</b>		
Opening Balance	-	-
Current year Audit Fee	2,357,430	2,298,628
Amount Paid - current year	(2,357,430)	(2,298,628)
<b>Balance Unpaid (Included in Creditors)</b>	<b>-</b>	<b>-</b>
<b>40.3 VAT</b>		
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.		
<b>40.4 PAYE, Skills Development Levy and UIF</b>		
Opening Balance	-	-
Current year Payroll Deductions	4,706,396	4,523,962
Amount Paid - current year	(4,706,396)	(4,523,962)
<b>Balance Unpaid (Included in Creditors)</b>	<b>-</b>	<b>-</b>
<b>40.5 Pension and Medical Aid Deductions</b>		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	14,182,760	13,679,438
Amount Paid - current year	(14,182,760)	(13,679,438)
<b>Balance Unpaid (Included in Creditors)</b>	<b>-</b>	<b>-</b>
<b>40.6 Councillor's arrear Consumer Accounts</b>		

The following Councillors had arrear accounts outstanding for more than 90 days as at

	Total	Outstanding up to 90 days	Outstanding more than 90 days
<b>30 June 2013</b>			
<b>Rates and Services</b>			
Councillor Van Zyl	431	431	-
Councillor S Jankovich	10,222	4,552	5,670
Councillor AR Knott-Craig	491	491	-
Councillor M Block	370	370	-
Councillor MB Meishik	1,373	(117)	1,490
Councillor AD Gradwell	12,791	1,486	11,305
Councillor H Makoba	737	737	-
Councillor AF Pannies	1,072	1,072	-
Councillor DJ Coetzee	701	701	-
<b>Overpaid Allowances</b>			
Councillor A Booyen	32,083	-	32,083
Councillor M Block	25,479	-	25,479
Councillor AR Knott-Craig	15,350	-	15,350
<b>Total Councillor Arrear Consumer Accounts</b>	<b>101,100</b>	<b>9,723</b>	<b>91,377</b>
<b>30 June 2012</b>			
<b>Rates and Services</b>			
Councillor Gradwell	12,583	-	12,583
Councillor M B Meshik	7,515	516	6,999
Councillor A F Panneis	2,721	2,024	697
<b>Overpaid Allowances</b>			
Councillor A Booyen	31,326	-	31,326
Councillor M Blok	20,014	-	20,014
Councillor A R Knott -Graig	22,155	-	22,155
<b>Total Councillor Arrear Consumer Accounts</b>	<b>96,314</b>	<b>2,540</b>	<b>93,774</b>

**40.7 Non-Compliance with the Municipal Finance Management Act**

No known matters existed at reporting date

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R                      2012  
R

**40.8 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements

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

Applicable SCM policy guideline	Date	Successful Tenderer	Reason	Amount
39(1)(a)(i)	Year 2012/13	Various occasions (26)	Emergency in terms of Camdeboo Municipality SCM Policy	1,024,574.84
39(1)(a)(ii)	Year 2012/13	Various occasions (231)	Sole provider of goods and services/Agents/ Limited suppliers within area.	2,349,429.00
39(1)(a)(iv)	Year 2012/13	Various occasions (61)	Any exceptional case where it is impractical or impossible to follow the official procurement processes. Quotations that were advertised or asked for, but were unable to obtain three (3) quotations.	1,702,512.16
11(2)	Year 2012/13	Various occasions (31)	Procurement from an organ of state	135,007.60

**40.9 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:**

		Lost Units	Cost per Kwh	Value
30 June 2013	Unaccounted Electricity Losses	<u>3,496,233</u>	<u>0.4281</u>	<u>1,496,904</u>
30 June 2012	Unaccounted Electricity Losses	<u>6,472,000</u>	<u>0.3911</u>	<u>2,531,498</u>

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment, Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). 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.

**Water:**

		Lost Units	Tariff	Value
30 June 2013	Unaccounted Water Losses	<u>1,687,234</u>	<u>4.6961</u>	<u>7,923,376</u>
30 June 2012	Unaccounted Water Losses	<u>452,269</u>	<u>5.0300</u>	<u>2,274,913</u>

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>41. COMMITMENTS FOR EXPENDITURE</b>		
<b>41.1 Capital Commitments</b>		
Commitments in respect of Capital Expenditure		
- <b>Approved and Contracted for:-</b>	<b>15,972,847</b>	<b>1,356,473</b>
Infrastructure	15,719,945	1,303,073
Community	-	-
Other	252,902	53,400
<b>Total Capital Commitments</b>	<b>15,972,847</b>	<b>1,356,473</b>
This expenditure will be financed from:		
Government Grants	13,789,818	-
Own Resources	2,183,029	1,356,473
	<b>15,972,847</b>	<b>1,356,473</b>
<b>41.2 Lease Commitments</b>		
Non-cancellable Operating Lease Commitments are disclosed in Note 16		

**42. FINANCIAL INSTRUMENTS**

**42.1 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>		
<b>Receivables from Exchange Transactions</b>			
Electricity	Amortised cost	9,573,813	9,956,886
Refuse	Amortised cost	3,030,703	2,130,258
Sewerage	Amortised cost	5,941,280	3,983,589
Water	Amortised cost	14,392,493	10,065,322
Other Receivables	Amortised cost	6,045,640	5,553,703
<b>Receivables from Non-exchange Transactions</b>			
Assessment Rates Debtors	Amortised cost	3,605,488	2,775,889
Payments made in Advance	Amortised cost	454,447	103,324
Accruals	Amortised cost	84,445	84,445
Sundry Deposits	Amortised cost	115,000	15,000
Sundry Debtors	Amortised cost	593,634	498,059
Suspense Accounts	Amortised cost	-	-
Government Subsidy	Amortised cost	10,014,843	21,495,884
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	33,926,738	23,165,260
Bank Balances	Amortised cost	6,285,155	299,668
Cash Floats and Advances	Amortised cost	2,140	2,040
<b>SUMMARY OF FINANCIAL ASSETS</b>			
Receivables from Exchange Transactions	Electricity	9,573,813	9,956,886
Receivables from Exchange Transactions	Refuse	3,030,703	2,130,258
Receivables from Exchange Transactions	Sewerage	5,941,280	3,983,589
Receivables from Exchange Transactions	Water	14,392,493	10,065,322
Receivables from Exchange Transactions	Other Debtors	6,045,640	5,553,703
Receivables from Non-exchange Transactions	Assessment Rates Debtors	3,605,488	2,775,889
Receivables from Non-exchange Transactions	Payments made in Advance	454,447	103,324
Receivables from Non-exchange Transactions	Accruals	84,445	84,445
Receivables from Non-exchange Transactions	Sundry Deposits	115,000	15,000
Receivables from Non-exchange Transactions	Sundry Debtors	593,634	498,059
Receivables from Non-exchange Transactions	Suspense Accounts	-	-
Receivables from Non-exchange Transactions	Government Subsidy	10,014,843	21,495,884
Cash and Cash Equivalents	Call Deposits	33,926,738	23,165,260
Cash and Cash Equivalents	Bank Balances	6,285,155	299,668
Cash and Cash Equivalents	Cash Floats and Advances	2,140	2,040
<b>Total Financial Assets</b>		<b>94,065,819</b>	<b>80,129,327</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>FINANCIAL LIABILITIES:</b>		
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:		
<u>Financial Liabilities</u>	<u>Classification</u>	
Finance Lease Liabilities	Amortised cost	-
Consumer Deposits	Amortised cost	2,186
<b>Payables from Exchange Transactions</b>		<b>1,466,482</b>
Trade Creditors	Amortised cost	7,116,563
Retentions	Amortised cost	330,867
Other Creditors	Amortised cost	4,734,419
		5,388,296
		-
		4,443,943
<b>Payables from Non-exchange Transactions</b>		
Staff Leave Accrued	Amortised cost	3,005,116
Sundry Deposits	Amortised cost	912,169
		2,823,721
		709,172
<b>SUMMARY OF FINANCIAL LIABILITIES</b>		
<b>Financial Liabilities at Amortised Cost:</b>		
Long-term Liabilities	Finance Lease Liabilities	-
Consumer Deposits	Consumer Deposits	2,186
Payables from Exchange Transactions	Trade Creditors	1,466,482
Payables from Exchange Transactions	Retentions	7,116,563
Payables from Exchange Transactions	Other Creditors	5,388,296
		330,867
		-
		4,734,419
		4,443,943
Payables from Non-exchange Transactions	Staff Bonuses	-
Payables from Non-exchange Transactions	Staff Leave Accrued	-
Payables from Non-exchange Transactions	Sundry Deposits	3,005,116
		912,169
		2,823,721
		709,172
		<u>17,726,454</u>
		<u>14,833,800</u>
<b>Total Financial Liabilities</b>	<b>17,726,454</b>	<b>14,833,800</b>

**42.2 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.

**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 2013, 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.

**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.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R

2012  
R

**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.

**42.3 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 2012.

**Gearing Ratio**

The gearing ratio at the year-end was as follows:

Debt	55,873,800	47,491,218
Cash and Cash Equivalents	(40,214,033)	(23,466,968)
<b>Net Debt</b>	<b>15,659,767</b>	<b>24,024,250</b>
<b>Equity</b>	<b>662,513,388</b>	<b>670,245,842</b>
<b>Net debt to equity ratio</b>	<b>2.36%</b>	<b>3.58%</b>

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.

**42.4 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.

**42.5 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 2013**

2013                      2012  
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 51.8 and 51.9 to the Annual Financial Statements

**42.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 51.7 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.

**42.6.1 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.

**42.6.2 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.

**42.7 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.



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013  
R                      2012  
R

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, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	30 June 2013		30 June 2012	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
SHOPRITE CHECKERS (PTY) LTD	-	154,205	-	43,342
SPANDAU SPAR	-	86,106	-	66,208
ESKOM HOLDINGS S O C LTD	-	51,460	-	28,791
LINQUO (PTY) LTD	-	29,055	-	19,566
MNRE VENTER SUPERMARK	-	21,014	-	16,440

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

Long-term Receivables	-	-
Consumer Debtors	18,813,590	13,945,614
Other Debtors	22,658,257	32,314,201
Bank, Cash and Cash Equivalents	40,214,033	23,466,968
<b>Maximum Credit and Interest Risk Exposure</b>	<b>81,685,880</b>	<b>69,726,783</b>

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

	%	%
Consumer Debtors		
- Household	11.22%	63.93%
- Industrial / Commercial	5.89%	6.47%
- National and Provincial Government	35.79%	5.44%
Other Debtors:		
- Other not Classified	3.01%	35.65%
<b>Total Credit Risk</b>	<b>55.90%</b>	<b>111.60%</b>
Bank and Cash Balances		
ABSA Bank Ltd	438,619	1,313,202
Standard Bank	-	1,194,747
Investec	21,214,107	20,657,311
First National Bank	17,113,573	299,669
Cash Equivalents	2,140	2,040
<b>Total Bank and Cash Balances</b>	<b>38,768,439</b>	<b>23,466,968</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	2012 R
<b>Credit quality of Financial Assets:</b>		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates	(1,445,593.83)	
<b>Counterparties without external credit rating:-</b>		
Group 1	7,542,767	6,032,134
Group 2	1,089,377	1,177,890
	<u>8,632,144</u>	<u>7,210,024</u>
<b>Total Receivables from Exchange Transactions</b>	<u><b>8,632,144</b></u>	<u><b>7,210,024</b></u>
<b>Receivables from Non-exchange Transactions</b>		
Group 1	1,757,554	1,599,734
<b>Total Receivables from Non-exchange Transactions</b>	<u><b>1,757,554</b></u>	<u><b>1,599,734</b></u>

**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 2013**

**42. FINANCIAL INSTRUMENTS (Continued)**

**42.8 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 46 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 R	6 Months	6 - 12	1 - 2	2 - 5	More than
				or less R	Months R	Years R	Years R	5 Years R
<b>30 June 2013</b>								
Non-interest Bearing		0.00%	21,324,958	21,324,958	-	-	-	-
- Payables from Exchange transactions			14,685,319	14,685,319	-	-	-	-
- Payables from Non-exchange transactions			6,639,638	6,639,638	-	-	-	-
			<b>21,324,958</b>	<b>21,324,958</b>	-	-	-	-
<b>30 June 2012</b>								
Non-interest Bearing		0.00%	16,741,495	16,741,495	-	-	-	-
- Payables from Exchange transactions			12,101,903	12,101,903	-	-	-	-
- Payables from Exchange transactions			4,639,592	4,639,592	-	-	-	-
			<b>16,741,495</b>	<b>16,741,495</b>	-	-	-	-

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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.

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
<b>30 June 2013</b>								
Non-interest Bearing		0.00%	33,683,587	33,683,587	-	-	-	-
- Trade Receivables from Exchange Transactions			18,813,590	18,813,590	-	-	-	-
- Trade Receivables from Non-exchange Transactions			14,867,857	14,867,857	-	-	-	-
- Cash and Cash Equivalents			2,140	2,140	-	-	-	-
Variable Interest Rate Instruments		0.00%	40,211,893	40,211,893	-	-	-	-
- Call Deposits			33,926,738	33,926,738	-	-	-	-
- Bank Account			6,285,155	6,285,155	-	-	-	-
			<b>73,895,480</b>	<b>73,895,480</b>				
<b>30 June 2012</b>								
Non-interest Bearing		0.00%	41,207,316	41,207,316	-	-	-	-
- Trade Receivables from Exchange Transactions			12,962,142	12,962,142	-	-	-	-
- Trade Receivables from Non-exchange Transactions			28,243,134	28,243,134	-	-	-	-
- Cash and Cash Equivalents			2,040	2,040	-	-	-	-
Variable Interest Rate Instruments		0.00%	23,464,928	23,464,928	-	-	-	-
- Call Deposits			23,165,260	23,165,260	-	-	-	-
- Bank Account			299,668	299,668	-	-	-	-
			<b>64,672,244</b>	<b>64,672,244</b>				

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**42.9 Effective Interest Rates and Repricing Analysis**

In accordance with GRAP 104 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 2013

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months	6 - 12	1 - 2	2 - 5	More than
				or less R	Months R	Years R	Years R	5 Years R
<b>Total Fixed Rate Instruments</b>			-	-	-	-	-	-
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	7		33,926,738	32,481,144	-	-	-	-
Bank Balances and Cash	7		6,287,295	6,287,295	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>40,214,033</b>	<b>38,768,439</b>	-	-	-	-

30 June 2012

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months	6 - 12	1 - 2	2 - 5	More than
				or less R	Months R	Years R	Years R	5 Years R
<b>Total Fixed Rate Instruments</b>								
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	7		23,165,260	23,165,260	-	-	-	-
Bank Balances and Cash	7		301,708	301,708	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>23,466,968</b>	<b>23,466,968</b>	-	-	-	-

**42.10 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 2013**

2013  
R                      2012  
R

**43. RELATED PARTY TRANSACTIONS**

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

**43.1 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
Alfred Pannies	Councillor	JVB Caterers - Wife
Christine Smal	Salary Accountant	XTT - Son - in - Law

**43.2 Services rendered to Related Parties**

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
<b>For the Year ended 30 June 2013</b>				
Councillors	12,953	107,995	28,831	101,100
Municipal Manager and Section 57 Personnel	4,867	22,154	22,349	3,327
<b>Total Services</b>	<b>17,820</b>	<b>130,149</b>	<b>51,180</b>	<b>104,427</b>
<b>For the Year ended 30 June 2012</b>				
Councillors	10,566	76,876	-	100,902
Municipal Manager and Section 57 Personnel	4,432	19,475	3,629	1,704
<b>Total Services</b>	<b>14,998</b>	<b>96,351</b>	<b>3,629</b>	<b>102,606</b>

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.

**43.3 Purchases from Related Parties**

The municipality bought goods from the following companies, which are considered to be Related Parties

Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for the Year	Purchases for the Year
XTT	Mrs A Smal	Owner (Son)	Official	62,857	-
<b>Total Purchases</b>				<b>62,857</b>	<b>-</b>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

**44. CONTINGENT LIABILITIES**

**44.1 Guarantees:** 60,000      60,000

The Camdeboo Municipality has R60 000 guarantees at First National Bank ceded to Department of Mineral and Energy for the rehabilitation of the quarries.

**44.2 Court Proceedings:** 122,000      25,567

(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.	6,000	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.	16,000	-
(iii) Amatenda Housing Development Housing developments for low income was done on municipal property. The developers are in liquidation and a dispute has arisen. No amount can be determined at this stage.	100,000	-

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

2013	2012
R	R

(iv) Task Grade Evaluation

The April 2010 Categorisation and Job Evaluation Wage Curves Collective Agreement's objective, amongst others, is to provide that employees receive new wage rates as a result of their jobs being evaluated, as per the Task Job Evaluation System and published by the SALGBC. The said Collective Agreement provides for an implementation date of 1 July 2010 and further that eligible employees shall receive (9) months retrospective increases. There is major uncertainty with regards to measurement of the obligation since this is dependent on the job evaluation.

**45. IN-KIND DONATIONS AND ASSISTANCE**

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

**46. PRIVATE PUBLIC PARTNERSHIPS**

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

**47. EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2013.

**48. COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 35 and 36) and Prior Period Errors (Note 35 and 37).

**49. GOING CONCERN ASSESSMENT**

Management considered the following matters relating to the Going Concern:

(i) On 23 May 2012 the Council adopted the 2013/14 to 2015/16 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 2013**

Description	Opening Balance		Additions		Cost / Revaluation		Disposals		Closing Balance		Accumulated Depreciation / Impairment		Closing Balance		Carrying Value	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>																
<i>Land</i>																
Land Developed	9,640,030	-	-	-	-	-	-	-	9,640,030	-	-	-	-	-	-	9,640,030
Land Undeveloped	79,786,250	-	-	-	-	-	-	-	79,786,250	-	-	-	-	-	-	79,786,250
	89,426,280	-	-	-	-	-	-	-	89,426,280	-	-	-	-	-	-	89,426,280
<i>Buildings</i>																
Stores	210,800	-	-	-	-	-	-	-	210,800	177,015	3,258	-	-	180,273	30,527	
Houses	77,200	-	-	-	-	-	-	-	77,200	33,464	2,573	-	-	36,037	41,163	
Office Buildings	3,997,700	-	-	-	-	-	-	-	3,997,700	2,112,677	118,590	-	-	2,231,267	1,766,433	
Office Parks	12,791,570	-	-	-	-	-	-	-	12,791,570	10,586,978	135,556	-	-	10,722,534	2,069,036	
	17,077,270	-	-	-	-	-	-	-	17,077,270	12,910,134	259,977	-	-	13,170,111	3,907,159	
	<b>106,503,560</b>	-	-	-	-	-	-	-	<b>106,503,560</b>	<b>12,910,134</b>	<b>259,977</b>	-	-	<b>13,170,111</b>	<b>93,333,439</b>	
<b>Infrastructure</b>																
<i>Electricity</i>																
Cooling Towers - M	8,000	-	-	-	-	-	-	-	8,000	6,401	533	-	-	6,934	1,066	
Sundries - M	165	-	-	-	-	-	-	-	165	128	33	-	-	161	4	
	14,541,253	-	-	-	-	-	-	-	16,596,697	1,242,706	621,353	-	-	1,864,059	14,732,638	
Generators - M	1,272,990	-	12,421	-	2,055,444	-	-	-	1,285,411	80,807	112,956	-	-	193,763	1,091,648	
Meters	1,801,897	-	-	-	-	-	-	-	1,801,897	703,945	94,659	-	-	798,603	1,003,294	
Substations - M	530,648	-	-	-	-	-	-	-	530,648	202,979	17,124	-	-	220,103	310,545	
Substations	17,618,135	-	-	-	-	-	-	-	17,618,135	1,486,813	746,337	-	-	2,233,151	15,384,984	
Supply and Reticulation	32,955,042	-	-	-	-	-	-	-	32,955,042	2,019,894	1,050,776	-	-	3,070,670	29,884,373	
Transformers - M	440,738	-	-	-	-	-	-	-	440,738	28,295	35,637	-	-	63,932	376,806	
Transformers	4,680,970	-	-	-	-	-	-	-	4,680,970	299,342	149,671	-	-	4,491,013	4,231,957	
High Voltage Lines	8,424,333	-	-	-	-	-	-	-	8,424,333	579,126	289,563	-	-	868,689	7,555,644	
Low voltage Lines	39,294,647	-	-	-	-	-	-	-	39,294,647	2,762,915	1,474,866	-	-	4,237,781	35,056,866	
<i>Pedestrian Malls</i>																
Kerbing	12,733,548	-	624,176	-	-	-	-	-	13,357,724	1,192,610	614,681	-	-	1,807,291	11,550,433	
Paving	-	-	2,354,807	-	-	-	-	-	2,354,807	-	52,329	-	-	52,329	2,302,478	
<i>Roads and Transport</i>																
Bridges, Subways and Culverts	14,341,485	-	-	-	-	-	-	-	14,341,485	370,495	185,247	-	-	555,742	13,785,743	
Roads - Asphalt	185,258,204	-	19,474	-	-	-	-	-	185,277,678	16,641,466	8,194,608	-	-	24,836,074	160,441,604	
Stormwater	40,572,055	-	496,988	-	-	-	-	-	41,069,043	2,819,880	1,426,506	-	-	4,246,386	36,822,657	
Street Lighting	8,622,079	-	296,620	-	-	-	-	-	8,918,699	823,871	417,921	-	-	1,241,793	7,676,906	
Streetname Signs	199,179	-	-	-	-	-	-	-	199,179	45,561	21,604	-	-	67,165	132,014	
Railway Sidings	12,776,141	-	-	-	-	-	-	-	12,776,141	965,221	482,611	-	-	1,447,832	11,328,309	
<i>Sanitation</i>																
Landfill Sites	4,036,241	-	-	-	784,841	-	-	-	4,821,082	285,972	175,944	-	-	461,916	4,359,166	
<i>Security Measures</i>																
Access Control - M	267,117	-	-	-	-	-	-	-	267,117	64,695	53,423	-	-	118,118	148,999	
Fencing	340,387	-	2,168,562	-	-	-	-	-	2,508,949	9,928	115,230	-	-	125,158	2,383,791	
Security Systems - M	31,300	-	57,445	-	-	-	-	-	88,745	24,362	2,544	-	-	26,906	61,839	





**APPENDIX A (UNAUDITED)  
CAMDEBOO MUNICIPALITY**

**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013**

Description	Cost / Revaluation			Accumulated Depreciation / Impairment				Carrying Value				
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance		Additions	Transfers	Disposals	Closing Balance
<i>Plant and Equipment:</i>												
Laboratory Equipment	588,144	-	-	-	-	588,144	83,698	93,928	-	-	177,626	390,518
Lathes	12,934	-	-	-	-	12,934	4,416	1,956	-	-	6,372	6,562
Lawnmowers	1,640,299	60,107	-	-	-	1,700,406	98,884	252,044	-	-	350,927	1,349,479
Machinery	64,910	563,482	-	-	-	628,392	28,576	33,277	-	-	61,854	566,538
Other Plant and Equipment	754,495	382,478	-	-	-	1,136,973	313,987	83,979	-	-	397,966	739,007
Pumps and Plumbing Equipment	19,443	-	-	-	-	19,443	11,699	1,940	-	-	13,639	5,805
Radio Equipment	857,160	36,571	-	-	-	893,731	315,866	161,154	-	-	477,020	416,711
<b>Total</b>	<b>30,635,694</b>	<b>7,032,621</b>	<b>-</b>	<b>-</b>	<b>(170,422)</b>	<b>37,497,893</b>	<b>15,987,518</b>	<b>3,209,510</b>	<b>-</b>	<b>(105,112)</b>	<b>19,091,916</b>	<b>18,405,977</b>
	<b>730,144,966</b>	<b>18,511,120</b>	<b>8,301,146</b>	<b>-</b>	<b>(170,422)</b>	<b>756,886,811</b>	<b>91,144,997</b>	<b>27,587,190</b>	<b>-</b>	<b>(105,112)</b>	<b>118,627,075</b>	<b>638,259,736</b>

**CAMDEBOO MUNICIPALITY**

**ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2013**

Description	Cost / Revaluation			Accumulated Depreciation / Impairment				Carrying Value				
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance		Additions	Transfers	Disposals	Closing Balance
<b>Investment Properties</b>												
Land	105,700	-	-	-	-	105,700	-	-	-	-	-	105,700
Buildings	352,800	-	-	-	-	352,800	235,224	11,760	-	-	246,984	105,816
<b>Total</b>	<b>458,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>458,500</b>	<b>235,224</b>	<b>11,760</b>	<b>-</b>	<b>-</b>	<b>246,984</b>	<b>211,516</b>

**CAMDEBOO MUNICIPALITY**

**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2013**

Description	Cost / Revaluation			Accumulated Depreciation / Impairment				Carrying Value				
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance		Additions	Transfers	Disposals	Closing Balance
<b>Intangible Assets</b>												
Computer Software	-	44,899	-	-	-	44,899	-	5,414	-	-	5,414	39,486
<b>Total</b>	<b>-</b>	<b>44,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,899</b>	<b>-</b>	<b>5,414</b>	<b>-</b>	<b>-</b>	<b>5,414</b>	<b>39,486</b>

**CAMDEBOO MUNICIPALITY**

**ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2013**

Description	Cost / Revaluation			Accumulated Depreciation / Impairment				Carrying Value				
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance		Additions	Transfers	Disposals	Closing Balance
<b>Heritage Assets</b>												
Buildings of cultural significance	1,311,800	-	-	-	-	1,311,800	-	-	-	-	-	1,311,800
Museum	1,058,200	-	-	-	-	1,058,200	-	-	-	-	-	1,058,200
<b>Total</b>	<b>2,370,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,370,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,370,000</b>
	<b>732,973,466</b>	<b>18,656,020</b>	<b>8,301,146</b>	<b>-</b>	<b>(170,422)</b>	<b>756,760,210</b>	<b>91,380,221</b>	<b>27,580,363</b>	<b>-</b>	<b>(105,112)</b>	<b>118,879,473</b>	<b>640,880,737</b>

**APPENDIX B (UNAUDITED)**  
**CAMDEBOO MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2013**

Description	Cost / Revaluation			Accumulated Depreciation / Impairment			Carrying Value			
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance		Additions	Disposals	Closing Balance
	R	R	R	R	R	R	R	R	R	
Executive and Council	3 894 394	-	-	-	3 894 394	2 290 293	-	-	2 290 293	1 604 101
Finance and Administration	94 237 167	6 034 883	-	(170 422)	100 101 627	21 027 239	-	-	24 753 130	75 348 497
Planning and Development	6 011 621	1 042 638	-	-	7 054 259	4 428 674	-	(105 113)	4 428 674	2 625 586
Health	538 332	-	-	-	538 332	228 374	-	-	228 374	309 958
Community and Social Services	37 994 593	-	775 000	-	38 769 593	9 752 598	451 986	-	10 204 584	28 565 009
Housing	-	-	-	-	-	-	-	-	-	-
Public Safety	5 664 332	-	-	-	5 664 332	1 565 430	-	-	1 565 430	4 098 902
Sport and Recreation	4 625 830	5 260 428	198 454	-	10 084 712	-	-	-	-	10 084 712
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	125 467 165	287 578	2 462 821	-	128 237 564	13 337 279	4 672 258	-	18 009 537	110 228 027
Roads and Transport	277 820 686	3 792 065	-	-	281 612 751	23 220 663	11 395 507	-	34 616 170	246 996 581
Water	92 696 987	2 226 007	2 789 426	-	97 712 421	6 886 704	2 660 101	-	9 546 805	88 165 616
Electricity	84 022 360	12 421	2 055 444	-	86 090 225	8 642 968	4 593 508	-	13 236 476	72 853 749
Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>732 973 466</b>	<b>18 656 019</b>	<b>8 301 146</b>	<b>(170 422)</b>	<b>759 760 209</b>	<b>91 350 221</b>	<b>27 604 363</b>	<b>(105 113)</b>	<b>118 879 472</b>	<b>640 880 737</b>

**APPENDIX C (UNAUDITED)  
CAMDEBOO MUNICIPALITY**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ Deficit R	Description	2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ Deficit R
466,603	7,343,314	(6,876,712)	Executive and Council	2,569,730	7,251,226	(4,681,496)
58,749,378	16,761,801	41,987,578	Finance and Administration	64,980,885	20,547,382	44,433,502
352,552	696,397	(343,845)	Planning and Development	238,993	1,095,233	(856,240)
974,445	1,214,729	(240,284)	Health	1,031,324	1,410,322	(378,998)
124,193	1,657,112	(1,532,919)	Community and Social Services	1,859,159	1,761,586	97,573
3,640	(264,814)	268,454	Housing	4,270	(525,825)	530,095
1,839,375	3,232,725	(1,393,350)	Public Safety	2,403,220	4,003,053	(1,599,833)
70,601	8,949,369	(8,878,768)	Sport and Recreation	67,765	8,854,423	(8,786,658)
-	-	-	Environmental Protection	-	-	-
9,438,478	(130,207)	9,568,685	Waste Management	8,682,870	27,887,420	(19,204,550)
135,899	17,794,831	(17,658,932)	Roads and Transport	1,058,637	12,649,260	(11,590,623)
19,775,427	15,836,425	3,939,002	Water	17,643,550	23,024,203	(5,380,653)
56,786,024	56,064,580	721,445	Electricity	68,529,671	59,669,791	8,859,880
2,482,534	10,020,709	(7,538,176)	Other	508,742	10,086,063	(9,577,321)
<b>151,199,150</b>	<b>139,176,971</b>	<b>12,022,179</b>	<b>Sub-Total</b>	<b>169,578,815</b>	<b>177,714,137</b>	<b>(8,135,322)</b>
			Revenue Foregone			
<b>151,199,150</b>	<b>139,176,971</b>	<b>12,022,179</b>	<b>Total</b>	<b>169,578,815</b>	<b>177,714,137</b>	<b>(8,135,322)</b>

**APPENDIX D (1) (UNAUDITED)  
CAMDEBOO MUNICIPALITY  
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2013**

Description	2011/12				2011/13				2011/12	
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome	R
<b>REVENUE - STANDARD</b>										
<b>Governance and Administration:</b>										
Executive and Council	1,834,995	(10,000)	1,824,995	1,824,995	2,569,730	744,735	140,81	140,04	466,603	
Budget and Treasury Office	60,519,054	2,245,999	62,765,053	62,765,053	64,354,127	1,589,074	102,53	106,34	58,749,378	
Corporate Services	680,409	(95,071)	585,338	585,338	629,972	44,634	107,63	92,59	2,175,942	
<b>Community and Public Safety:</b>										
Community and Social Services	167,603	2,669	170,272	170,272	1,859,159	1,688,887	1,091,88	1,109,26	124,193	
Sport and Recreation	90,232	(90,232)	0	90,232	67,765	(22,467)	75,10	75,10	70,601	
Public Safety	2,554,319	(198,800)	2,355,519	2,355,519	2,403,220	47,701	102,03	94,08	1,899,375	
Housing	2,828	1,442	4,270	4,270	4,270	0	100,01	151,00	3,640	
Health	974,445	-	974,445	974,445	1,031,324	56,879	105,84	105,84	974,445	
<b>Economic and Environmental Services:</b>										
Planning and Development	400,000	-	400,000	400,000	238,993	(161,007)	59,75	59,75	352,552	
Road Transport	19,551	90,000	109,551	109,551	1,058,637	949,086	966,34	5,414,75	135,899	
Environmental Protection	-	-	-	-	-	-	0,00	0,00	-	
<b>Trading Services:</b>										
Electricity	65,703,234	4,014,117	69,717,351	69,717,351	68,529,309	(1,188,042)	98,30	104,30	56,786,024	
Water	19,898,893	2,085	19,900,978	19,900,978	17,643,550	(2,257,428)	88,66	88,67	19,775,427	
Waste Water Management	24,937,704	(600,000)	24,337,704	24,337,704	5,793,504	(18,544,200)	23,80	23,23	6,428,253	
Waste Management	5,839,463	(998,800)	4,840,663	4,840,663	2,889,366	(1,951,297)	59,69	49,48	3,010,225	
<b>Other:</b>										
Tourism	803,715	(369,833)	433,882	433,882	423,139	(10,743)	97,52	52,65	306,592	
Intergovernmental & Special Projects	-	-	-	-	-	-	0,00	0,00	-	
<b>Total Revenue - Standard</b>	<b>184,426,445</b>	<b>4,083,908</b>	<b>188,510,253</b>	<b>188,510,253</b>	<b>169,496,064</b>	<b>(19,014,189)</b>	<b>89,91</b>	<b>91,90</b>	<b>151,199,150</b>	
<b>EXPENDITURE - STANDARD</b>										
<b>Governance and Administration:</b>										
Executive and Council	10,166,570	(912,137)	9,254,433	9,254,433	7,251,226	(2,003,207)	76,35	71,32	7,343,314	
Budget and Treasury Office	22,905,064	2,648,713	25,553,777	25,553,777	20,547,382	(5,006,395)	80,41	89,71	16,761,801	
Corporate Services	9,594,749	38,817	9,633,566	9,633,566	9,020,268	(613,298)	93,63	94,01	9,017,215	
<b>Community and Public Safety:</b>										
Community and Social Services	2,539,698	(188,156)	2,351,542	2,351,542	2,051,268	(300,274)	87,23	80,77	2,188,039	
Sport and Recreation	9,801,970	41,421	9,843,291	9,843,291	8,854,423	(988,868)	89,95	90,33	8,949,369	
Public Safety	3,884,775	250,625	4,135,400	4,135,400	4,003,053	(132,347)	96,80	103,04	3,232,725	
Housing	1,619,793	(84,699)	1,535,094	1,535,094	1,410,322	(124,772)	91,87	87,07	1,214,729	
Health	-	-	-	-	-	-	-	-	-	
<b>Economic and Environmental Services:</b>										
Planning and Development	716,483	(3,802)	712,681	712,681	1,095,233	382,552	153,68	152,86	696,397	
Road Transport	9,939,191	(672,770)	9,266,421	9,266,421	12,649,260	3,382,839	136,51	127,27	17,794,831	
Environmental Protection	-	-	-	-	-	-	0,00	0,00	-	
<b>Trading Services:</b>										
Electricity	56,697,980	1,322,723	58,020,703	58,020,703	59,669,428	1,648,725	102,84	105,24	56,064,582	
Water	17,462,336	4,343,188	21,805,524	21,805,524	23,024,203	1,218,679	105,59	131,85	15,836,425	
Waste Water Management	6,327,505	1,942,565	8,270,070	8,270,070	7,143,105	(1,126,965)	86,37	112,89	5,585,915	
Waste Management	6,342,591	1,679,545	8,022,136	8,022,136	20,744,315	12,722,179	258,59	327,06	5,455,707	
<b>Other:</b>										
Tourism	867,752	246,910	1,114,662	1,114,662	693,725	(420,937)	62,24	79,95	472,564	
Intergovernmental & Special Projects	-	-	-	-	-	-	0,00	0,00	-	
<b>Total Expenditure - Standard</b>	<b>158,866,357</b>	<b>11,352,943</b>	<b>170,219,300</b>	<b>170,219,300</b>	<b>177,631,386</b>	<b>7,412,086</b>	<b>104,35</b>	<b>111,81</b>	<b>139,176,970</b>	
<b>Surplus/(Deficit) for the year</b>	<b>25,560,088</b>	<b>(7,269,135)</b>	<b>18,290,953</b>	<b>18,290,953</b>	<b>(8,135,322)</b>	<b>(26,426,275)</b>	<b>0,00</b>	<b>0,00</b>	<b>12,022,179</b>	

**APPENDIX D (2) (UNAUDITED)  
CAMDEBOO MUNICIPALITY**

**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2013**

Description	2012/13					2011/12		
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R
<b>REVENUE BY VOTE</b>								
Vote 1 - EXECUTIVE AND COUNCIL	2,234,995	(10,000)	2,224,995	2,224,995	2,808,723	126.24	125.67	819,155
Vote 2 - CORPORATE SERVICES: ADMINISTRATION	691,831	(92,402)	599,429	599,429	2,373,093	395.89	343.02	2,189,209
Vote 3 - CORPORATE SERVICES: COMM SERVICES	7,866,864	(1,367,191)	6,499,673	6,499,673	4,531,902	69.73	57.61	4,476,429
Vote 4 - CORPORATE SERVICES: PROTECTION	2,554,319	(198,800)	2,355,519	2,355,519	2,403,220	102.03	94.08	1,839,375
Vote 5 - FINANCIAL SERVICES	60,519,054	2,245,999	62,765,053	62,765,053	64,354,190	102.53	106.34	58,749,378
Vote 6 - TECHNICAL SERVICES: ENGINEERING	44,856,148	(507,915)	44,348,233	44,348,233	24,495,265	55.23	54.61	26,339,580
Vote 7 - TECHNICAL SERVICES: ELECTRICAL	65,703,234	4,014,117	69,717,351	69,717,351	68,529,671	98.30	104.30	56,786,024
<b>Total Revenue by Vote</b>	<b>184,426,445</b>	<b>4,083,808</b>	<b>188,510,253</b>	<b>188,510,253</b>	<b>169,496,064</b>	<b>89.91</b>	<b>91.90</b>	<b>151,199,150</b>
<b>EXPENDITURE BY VOTE</b>								
Vote 1 - EXECUTIVE AND COUNCIL	11,166,017	(913,694)	10,252,323	10,252,323	8,625,348	84.13	77.25	8,288,234
Vote 2 - CORPORATE SERVICES: ADMINISTRATION	11,850,272	(151,584)	11,698,688	11,698,688	10,710,512	91.55	90.38	10,742,210
Vote 3 - CORPORATE SERVICES: COMM SERVICES	18,633,217	2,583,177	21,216,394	21,216,394	31,259,348	147.34	167.76	16,146,224
Vote 4 - CORPORATE SERVICES: PROTECTION	3,584,775	250,625	3,835,400	3,835,400	3,793,387	98.90	105.82	3,171,455
Vote 5 - FINANCIAL SERVICES	22,905,064	2,648,713	25,553,777	25,553,777	20,547,382	80.41	89.71	16,899,768
Vote 6 - TECHNICAL SERVICES: ENGINEERING	33,729,032	5,612,983	39,342,015	39,342,015	43,026,121	109.36	127.56	28,045,341
Vote 7 - TECHNICAL SERVICES: ELECTRICAL	56,997,980	1,322,723	58,320,703	58,320,703	59,669,288	102.31	104.69	55,883,737
<b>Total Expenditure by Vote</b>	<b>158,866,357</b>	<b>11,352,943</b>	<b>170,219,300</b>	<b>170,219,300</b>	<b>177,631,386</b>	<b>104.35</b>	<b>111.81</b>	<b>139,176,970</b>
<b>Surplus/(Deficit) for the year</b>	<b>25,560,088</b>	<b>(7,269,135)</b>	<b>18,290,953</b>	<b>18,290,953</b>	<b>(8,135,322)</b>	<b>0.00</b>	<b>0.00</b>	<b>12,022,179</b>

**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						Compliance to Revenue Act (*) See below	Reason for Non-compliance	
		June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March			June
Equitable Share	Nat Treasury	-	15,527,000	12,421,000	9,316,000	-	-	12,421,000	9,316,000	-	-	-	-	-	Yes	N/A
FMG	Nat Treasury	-	1,750,000	-	-	-	-	530,136	116,188	230,700	-	-	-	-	Yes	N/A
NDPG	Nat Treasury	-	650,000	1,050,000	-	-	-	42,750	81,413	1,475,837	-	-	-	-	Yes	N/A
MIG Projects	MIG	-	15,211,000	262,000	262,000	-	-	262,240	196,680	126,127	-	-	-	-	Yes	N/A
Bulk Infrastructure Grant	DWAF	-	-	600,000	1,394,386	-	-	-	600,178	3,470,618	-	-	-	-	Yes	N/A
DWAF O & M	DWAF	-	-	-	-	3,303,167	-	-	-	-	-	-	-	-	Yes	N/A
DME Projects	DME	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A
MSIG	DPLG	-	800,000	-	-	-	-	184,119	73,717	79,515	-	-	-	Yes	N/A	
EPWP Incentive Grant	Province	-	400,000	300,000	300,000	-	-	129,053	619,097	135,348	-	-	-	Yes	N/A	
Health - Clinics	Province	-	-	-	-	-	-	257,831	515,662	-	-	-	-	Yes	N/A	
<b>Total Grants and Subsidies Received</b>		-	<b>34,338,000</b>	<b>14,633,000</b>	<b>11,272,386</b>	<b>3,303,167</b>	-	<b>13,827,129</b>	<b>11,003,273</b>	<b>6,033,807</b>	-	-	-			