

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

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**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. Booyesen
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

**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

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JIMMY JOUBERT  
ACTING MUNICIPAL MANAGER  
30 August 2013

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GERRAR MAYA  
ACTING CHIEF FINANCIAL OFFICER  
30 August 2013

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

**MEMBERS OF THE COUNCIL**

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<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.

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ACTING MUNICIPAL MANAGER  
30 August 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	(10 070 724)	7 741 574
Surplus at the end of the Year	664 097 379	674 168 103
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	30.41%	30.43%
Remuneration of Councillors	1.67%	1.65%
Depreciation and Amortisation	15.69%	15.52%
Impairment Losses	1.55%	8.16%
Repairs and Maintenance	7.16%	4.69%
Bulk Purchases	23.18%	21.71%
Contracted Services	0.86%	0.92%
Grants and Subsidies Paid	0.01%	0.02%
General Expenses	19.45%	16.89%
Current Ratio:		
Trade Creditors Days	29	27
Debtors from Exchange Transactions Days	78	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	674 168 103	666 426 530	1.16	-	100.00
Operating income for the year	167 013 436	172 150 158	(2.98)	188 814 953	(11.55)
Appropriations for the year	-	-	-	-	-
	841 181 539	838 576 688	0.31	188 814 953	345.51
<b>Expenditure:</b>					
Operating expenditure for the year	177 084 159	164 408 585	7.71	170 524 000	3.85
Closing surplus	664 097 379	674 168 103	(1.49)	-	-
	841 181 538	838 576 688	0.31	170 524 000	393.29

#### 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	72 153 437	61 157 086	17.98	69 709 287	3.51
Expenditure	67 028 932	67 913 097	(1.30)	73 400 867	(8.68)
Surplus / (Deficit)	5 124 505	(6 756 011)	(175.85)	(3 691 580)	(238.82)
Surplus / (Deficit) as % of total income	7.10%	(11.05)%		(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 885 641). 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	(21 801 517)	(3 516 145)
Expenditure variances:		
Employee Related Costs	4 564 634	3 621 394
Remuneration of Councillors	52 242	103 485
Depreciation and Amortisation	(24 777 924)	(5 523 748)
Impairment Losses	(276 942)	(6 918 208)
Repairs and Maintenance	2 073 247	(78 652)
Bulk Purchases	1 055 704	14 306 545
Contracted Services	(218 603)	(101 000)
Grants and Subsidies Paid	15 000	-
General Expenses	10 994 792	13 672 968
Loss on disposal of Property, Plant and Equipment	(42 310)	-
Actual (deficit) / surplus before appropriations	(10 070 724)	7 741 574

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	4 742 456	9 982 898
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	1 037 804	1 321 936
Actual (deficit) / surplus before appropriations	(10 070 724)	7 741 574

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 R664 097 379 (30 June 2012: R674 168 103) 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	653 397 010
	<u>664 097 379</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. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of the Long Term Retirement Benefit Liabilities as at 30 June 2013 was R19 483 000 (30 June 2012: R17 590 775).

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 R3 647 942 as at 30 June 2013 (30 June 2012: R7 114 676) and is made up as follows:

Provision for Long-term Service	3 211 000
Provision for Rehabilitation of Land-fill Sites	436 942
	<u>3 647 942</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 R29 907 579 as at 30 June 2013 (30 June 2012: R23 003 415) 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	1 869 032
Payables from Exchange Transactions	Note 13	14 533 357
Payables from Non-exchange Transactions	Note 14	4 585 937
Unspent Conditional Grants and Receipts	Note 15	1 749 191
		<u>29 907 579</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 063 897 as at 30 June 2013 (30 June 2012: R647 761 040).

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 R76 451 002 as at 30 June 2013 (30 June 2012: R71 524 839) and is made up as follows:

Inventories	Note 2	3 153 011
Receivables from Exchange Transactions	Note 3	19 371 527
Receivables from Non-exchange Transactions	Note 4	14 086 603
VAT Receivable	Note 5	457 958
Cash and Cash Equivalents	Note 6	39 381 903
		<u>76 451 002</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.

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**ACTING CHIEF FINANCIAL OFFICER**

30 August 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>76 451 002</b>	<b>71 524 839</b>
Inventories	2	3 153 011	3 727 278
Receivables from Exchange Transactions	3	19 371 527	13 945 614
Receivables from Non-exchange Transactions	4	14 086 603	28 734 105
VAT Receivable	5	457 958	1 650 874
Cash and Cash Equivalents	6	39 381 903	23 466 968
<b>Non-Current Assets</b>		<b>640 684 898</b>	<b>650 354 316</b>
Property, Plant and Equipment	7	638 063 897	647 761 040
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>717 135 900</b>	<b>721 879 155</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>29 907 579</b>	<b>23 003 415</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	1 869 032	1 847 788
Payables from Exchange Transactions	13	14 533 357	12 321 736
Payables from Non-exchange Transactions	14	4 585 937	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
Retirement Benefit Liabilities	17	19 483 000	17 590 775
Non-current Provisions	18	3 647 942	7 114 676
<b>Total Liabilities</b>		<b>53 038 521</b>	<b>47 711 051</b>
<b>Net Assets</b>		<b>664 097 379</b>	<b>674 168 103</b>
<b>NET ASSETS</b>		<b>664 097 379</b>	<b>674 168 103</b>
Accumulated Surplus	19	664 097 379	674 168 103
<b>Total Net Assets</b>		<b>664 097 379</b>	<b>674 168 103</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	49 469 906	67 105 207
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	1 722 295
Gains on Disposal of Property, Plant and Equipment		-	95 440
<b>Total Revenue</b>		<b>167 013 436</b>	<b>172 150 158</b>
<b>EXPENDITURE</b>			
Employee Related Costs	27	53 854 022	50 035 323
Remuneration of Councillors	28	2 951 758	2 714 085
Depreciation and Amortisation	29	27 777 924	25 523 748
Impairment Losses	30	2 751 942	13 418 208
Repairs and Maintenance		12 679 632	7 706 787
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	34 451 190	27 776 438
Loss on Disposal of Property, Plant and Equipment		42 310	-
<b>Total Expenditure</b>		<b>177 084 159</b>	<b>164 408 585</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(10 070 724)</b>	<b>7 741 574</b>
<b>Refer to Statement of Comparison of Budget and Actual amounts for explanation of budget variances</b>			

**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)			11 160 514	11 160 514
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>655 726 161</b>	<b>666 426 530</b>
Surplus for the year			7 741 574	7 741 574
<b>Balance at 30 June 2012</b>	<b>5 000 000</b>	<b>5 700 369</b>	<b>663 467 734</b>	<b>674 168 103</b>
<b>2013</b>				
<b>Restated Balance</b>	<b>5 000 000</b>	<b>5 700 369</b>	<b>663 467 734</b>	<b>674 168 103</b>
(Deficit) for the year			(10 070 724)	(10 070 724)
<b>Balance at 30 June 2013</b>	<b>5 000 000</b>	<b>5 700 369</b>	<b>653 397 010</b>	<b>664 097 379</b>

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

	Note	Actual 2013 R	Actual 2012 (Restated) R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Government, Ratepayers and Other		168 931 269	144 331 542
<b>Payments</b>			
Payments to Suppliers and employees		(140 679 150)	(125 464 288)
Cash generated from operations	38	28 252 119	18 867 254
Interest received	25	5 652 794	4 791 114
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>33 904 913</b>	<b>23 658 368</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	7	(18 128 917)	(51 859 006)
Purchase of Intangible Assets	8	(44 899)	-
Proceeds on Disposal of Property, Plant and Equipment		23 000	10 949 247
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(18 150 816)</b>	<b>(40 909 759)</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>15 914 935</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		39 381 903	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>										
<b>Revenue from Non-exchange Transactions</b>										
Property Rates	17 183 266	-	17 183 266	17 183 266	16 867 183	(316 083)	98.16	98.16	-1.84%	
Fines	401 146	(199 900)	201 246	201 246	93 997	(107 249)	46.71	23.43	-53.29%	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	60 018 445	469 447	60 487 892	60 487 892	49 469 906	(11 017 986)	81.78	82.42	-18.22%	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 IGG 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	828 335	28 791	857 126	857 126	1 612 444	755 318	188.12	194.66	88.12%	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>184 711 145</b>	<b>4 103 808</b>	<b>188 814 953</b>	<b>188 814 953</b>	<b>167 013 436</b>	<b>(21 801 517)</b>	<b>88.45</b>	<b>90.42</b>		
<b>Expenditure</b>										
Employee Related Costs	60 946 358	(2 527 702)	58 418 656	58 418 656	53 854 022	(4 564 634)	92.19	88.36	-7.81%	
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	3 000 000	-	3 000 000	3 000 000	27 777 924	24 777 924	925.93	925.93	825.93%	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	5 910 771	14 752 879	14 752 879	12 679 632	(2 073 247)	85.95	143.40	-14.05%	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	1 192 121	105 459	1 297 580	1 297 580	1 516 183	218 603	116.85	127.18	16.85%	Security cost increased. New service provider
Grants and Subsidies Paid	33 000	-	33 000	33 000	18 000	(15 000)	54.55	54.55	-45.45%	No applications were received for such grants
General Expenses	38 041 894	7 404 088	45 445 982	45 445 982	34 451 190	(10 994 792)	75.81	90.56	-24.19%	Accounting elimination of IGG 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>159 121 057</b>	<b>11 402 943</b>	<b>170 524 000</b>	<b>170 524 000</b>	<b>177 084 159</b>	<b>6 560 159</b>	<b>103.85</b>	<b>111.29</b>		
<b>Surplus/(Deficit)</b>	<b>25 590 088</b>	<b>(7 299 135)</b>	<b>18 290 953</b>	<b>18 290 953</b>	<b>(10 070 724)</b>	<b>(28 361 677)</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit) after Capital Transfers and</b>	<b>25 590 088</b>	<b>(7 299 135)</b>	<b>18 290 953</b>	<b>18 290 953</b>	<b>(10 070 724)</b>	<b>(28 361 677)</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit for the Year)</b>	<b>25 590 088</b>	<b>(7 299 135)</b>	<b>18 290 953</b>	<b>18 290 953</b>	<b>(10 070 724)</b>	<b>(28 361 677)</b>	<b>-</b>	<b>-</b>		

**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**  
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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**  
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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.

	<b>Years</b>		<b>Years</b>
<b>Infrastructure</b>		<b>Buildings</b>	<b>30 - 100</b>
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**  
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**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:

<b>Intangible asset</b>	<b>Years</b>
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.

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**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:

<b>Heritage Sites</b>
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.



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**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.

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

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

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation); 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.

**6. 2. 2 Subsequent Measurement - Fair Value Model**

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external values at the date of the last general valuation (1 July 2009). Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

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**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.

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**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:

<b>Type of Financial Asset</b>	<b>Classification in terms of GRAP 104</b>
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.

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**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.

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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.

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**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.

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**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.

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**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.



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**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 it 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.

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**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 in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

**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.

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**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 non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

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**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	3 014 340	3 616 774
Water - at cost	138 671	110 504
<b>Total Inventories</b>	<b>3 153 011</b>	<b>3 727 278</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	2 130 259
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	1 366 282	888 751
Less: Provision for Impairment	(20 978 684)	(18 632 895)
<b>Total Receivables from Exchange Transactions</b>	<b>19 371 527</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	10 016 208	1 568 317	536 824	28 228 862	40 350 211
Less: Provision for Impairment	826 127	653 354	77 248	19 421 955	20 978 684
<b>Net Balances</b>	<b>9 190 081</b>	<b>914 963</b>	<b>459 576</b>	<b>8 806 907</b>	<b>19 371 527</b>

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**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	8 050 837	1 382 460	919 533	22 130 958	32 483 788
Less: Provision for Impairment	935 534	613 858	548 651	16 534 852	18 632 895
<b>Net Balances</b>	<b>7 115 303</b>	<b>768 602</b>	<b>370 882</b>	<b>5 596 106</b>	<b>13 850 893</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	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	2 411 220	2 254 410	339 087	3 645 209	8 649 926
<u>Past Due:</u>					
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					1 366 282
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>19 371 527</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	1 844 081	1 469 808	459 576	3 388 623	7 162 088
<u>Past Due:</u>					
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	3 447 466	31 595 037
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>3 447 466</b>	<b>13 850 893</b>

**3.3 Reconciliation of the Provision for Impairment**

Balance at beginning of year	18 632 895	11 526 026
Impairment Losses recognised	2 345 789	7 106 869
<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

**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	38 918	202 670	35 569	10 510 624	10 787 781
Less: Provision for Impairment	136 997	130 278	15 339	7 507 786	7 790 399
<b>Net Balances</b>	<b>(98 079)</b>	<b>72 392</b>	<b>20 230</b>	<b>3 002 838</b>	<b>2 997 381</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 095 461 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	7 507 786	7 653 402
<b>Net Balances</b>	<b>72 392</b>	<b>20 230</b>	<b>3 002 839</b>	<b>3 095 461</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	9 607 990	10 733 217
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>2 392 695</b>	<b>3 391 617</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>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>

As at 30 June Receivables of R2 492 711 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	9 607 990	9 754 284
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>2 392 695</b>	<b>2 492 711</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					668 653
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>14 086 603</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)	25 941 779	25 830 451
<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)	26 078 441	35 584 734
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>26 078 441</b>	<b>29 349 833</b>



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

	2013 R	2012 R
<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>7 790 400</b>	<b>7 341 600</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	457 958	1 650 874
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*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	32 481 144	23 165 260
Bank Accounts	6 898 619	299 668
Cash on hand	2 140	2 040
<b>Total Bank, Cash and Cash Equivalents</b>	<b>39 381 903</b>	<b>23 466 968</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	32 481 144	23 165 260
<b>Total Current Investment Deposits</b>	<b>32 481 144</b>	<b>23 165 260</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.	4 442 597	5 000 000
Deposits attributable to Payables from Exchange Transactions	14 533 357	11 508 467
Deposits attributable to Current Provisions	5 542 742	2 777 124
Deposits attributable to Consumer Deposits	1 627 320	1 466 482
Deposits attributable to Payables from Non-Exchange Transactions	4 585 937	614 707
<b>Total Deposits attributable to Commitments of the Municipality</b>	<b>32 481 144</b>	<b>23 165 260</b>

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

	2013 R	2012 R
<b>6.2 Bank Accounts</b>		
Cash in Bank	6 898 619	299 668
<b>Total Bank Accounts</b>	<b>6 898 619</b>	<b>299 668</b>

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	6 898 619	299 668
Bank statement balance at beginning of year	936 192	6 019 078
Bank statement balance at end of year	6 175 263	936 192

*ABSA -Aberdeen - Account Number 4053048940*

Bank statement balance at beginning of year	7 069	5 542
Bank statement balance at end of year	24 987	7 069

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>	<b>2 140</b>	<b>2 040</b>

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>14 625 897</b>	<b>647 761 040</b>
Cost	89 426 280	17 077 270	575 027 177	26 761 895	30 612 097	738 904 719
- Completed Assets	89 426 280	17 077 270	570 086 564	22 919 158	30 612 097	730 121 369
- Under Construction	-	-	4 940 613	3 842 737	-	8 783 350
Accumulated Depreciation:	-	(12 910 134)	(45 072 763)	(17 174 582)	(15 986 200)	(91 143 679)
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)	(3 383 071)	(27 760 750)
- Based on Cost	-	(259 977)	(23 497 317)	(620 385)	(3 383 071)	(27 760 750)
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>18 210 138</b>	<b>638 063 897</b>
Cost	89 426 280	17 077 270	583 732 327	29 153 041	37 474 297	756 863 214
- Completed Assets	89 426 280	17 077 270	576 404 634	28 179 586	37 474 297	748 562 068
- Under Construction	-	-	7 327 692	973 454	-	8 301 146
Accumulated Depreciation:	-	(13 170 111)	(68 570 081)	(17 794 967)	(19 264 159)	(118 799 317)

**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
<b>Carrying values at 01 July 2011</b>	<b>89 516 280</b>	<b>4 427 200</b>	<b>515 844 750</b>	<b>6 217 114</b>	<b>12 261 299</b>	<b>628 266 643</b>
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	-	5 131 733	48 102 291
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)	(2 767 135)	(25 523 748)
- Based on Cost	-	(260 064)	(22 024 011)	(472 538)	(2 767 135)	(25 523 748)
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>14 625 897</b>	<b>647 761 040</b>
Cost	89 426 280	17 077 270	575 027 177	26 761 895	30 612 097	738 904 719
- Completed Assets	89 426 280	17 077 270	570 086 564	22 919 158	30 612 097	730 121 369
- 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)	(15 986 200)	(91 143 679)

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:

	<b>Computer Software</b>	<b>Total</b>
<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>	<b>39 485</b>	<b>39 485</b>
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.

2013  
R                      2012  
R

**9. INVESTMENT PROPERTY**

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>	<b>223 276</b>	<b>235 036</b>
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>	<b>211 516</b>	<b>223 276</b>
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
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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>	-	-	-	1 311 800	1 058 200
Cost	-	-	-	1 311 800	1 058 200
Accumulated Impairment	-	-	-	-	-
<b>Carrying values at 30 June 2013</b>	-	-	-	1 311 800	1 058 200
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, Krugerdorp 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>1 627 320</b>	<b>1 466 482</b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>1 775 596</b>	<b>1 775 596</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 fair value 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
<b>Total Provisions</b>	<b>1 869 032</b>	<b>1 847 788</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.

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

	2013 R	2012 R
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>378 861</b>	<b>436 241</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>1 490 171</b>	<b>1 411 547</b>

**13. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Creditors	7 116 563	5 388 296
Accruals	1 180 108	2 459 168
Retentions	330 867	-
Other Creditors	5 905 819	4 443 943
Payments Received In Advance	-	30 329
<b>Total Payables</b>	<b>14 533 357</b>	<b>12 321 736</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	668 653	1 106 699
<b>Total Payables</b>	<b>4 585 937</b>	<b>4 639 592</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**

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

*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
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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>	<b>1 782 748</b>	<b>476 280</b>

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

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

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. RETIREMENT BENEFIT LIABILITIES</b>		
<b>17.1 Post-retirement Health Care Benefits Liability</b>		
Balance at beginning of Year	18 285 863	16 663 950
Contributions to Provision	2 612 996	1 621 913
Expenditure incurred	(632 859)	-
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>

*Retirement 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>

**The history of experienced adjustments is as follows:**

	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)	1 194 736	-	-	-

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

	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)

**18. NON-CURRENT PROVISIONS**

Provision for Long Service Awards	3 211 000	2 584 903
Provision for Rehabilitation of Land-fill Sites	436 942	4 529 773
<b>Total Non-current Provisions</b>	<b>3 647 942</b>	<b>7 114 676</b>
<b>Current Portion of Non-Current Provisions:</b>		
<b>Provision for Long Service Awards</b>		
Balance at beginning of year	-	-
Transfer from non-current	4 102 741	-
<b>Balance at end of year</b>	<b>4 102 741</b>	<b>-</b>
<b>Provision for Rehabilitation of Land-fill Sites</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>

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

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

*Non-current Provisions* have been restated to transfer the corrected current portion to Current Liabilities. Refer to Note 35.13 on "Comparative Information" for details of the restatement. Furthermore, the provision for rehabilitation of landfill sites has been appropriately accounted for.

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

	<b>Long-service Awards</b>	<b>Land-fill Sites</b>
	<b>R</b>	<b>R</b>
<b>30 June 2013</b>		
Balance at beginning of year	2 819 152	4 529 773
Contributions to provision	1 263 193	-
Increase due to discounting	-	9 911
Expenditure incurred	(214 345)	-
	3 868 000	4 539 683
Transfer to current provisions	(657 000)	(4 102 741)
<b>Balance at end of year</b>	<b>3 211 000</b>	<b>436 942</b>
<b>30 June 2012</b>		
Balance at beginning of year	2 649 111	4 422 709
Contributions to provision	170 041	-
Increase due to discounting	-	107 064
	2 819 152	4 529 773
Transfer to current provisions	(234 249)	-
<b>Balance at end of year</b>	<b>2 584 903</b>	<b>4 529 773</b>

**18.1 Long Service Awards**

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 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).

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

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

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

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>

**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>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
<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>

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
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	379 886	204 219	-	-	-

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
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 R1 428 824 (2012: R1 231 052) to the defined benefit plans during the next financial year.

**18.2 Rehabilitation of Land-fill Sites**

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	653 397 010	663 467 734
<b>Total Accumulated Surplus</b>	<b>664 097 379</b>	<b>674 168 103</b>

*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	1 226 758	1 900 271
Housing Projects	1 714	-
SPU Grant	10 000	-
<b>Operational Grants</b>	<b><u>41 946 226</u></b>	<b><u>35 104 883</u></b>
<b>Conditional Grants</b>	<b>7 523 680</b>	<b>32 000 324</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: Fonteimbos	49 289	72 177
<b>Total Government Grants and Subsidies</b>	<b><u>49 469 906</u></b>	<b><u>67 105 207</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**

	2013 R	2012 R
<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	1 226 758	1 900 271
Transferred to Revenue	<u>(1 226 758)</u>	<u>(1 405 479)</u>
Adjustment to Government Grants and Subsidies - Refer to note 35.11	<u>-</u>	<u>(494 792)</u>
	<u>-</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 Local Government: National Lottery Fund</b>		
Balance unspent at beginning of year	(4 000 000)	3 800 000
Adjustment to opening balance - Refer to note 35.11	-	(7 800 000)
Current year receipts	2 001 200	-
Transferred to Revenue	-	(3 542 539)
Adjustment to Government Grants and Subsidies - Refer to note 35.11	-	3 542 539
Transferred to Receivables (see Note 4)	<u>(1 998 800)</u>	<u>(4 000 000)</u>
<b>21.12 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>21.13 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>21.14 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>21.15 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>21.16 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>21.17 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>21.18 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>21.19 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>21.20 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>



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

	2013 R	2012 R
<b>21.21 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
	-	-

**Conditional Grants:**

**21.22 National: FMG Grant**

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)	(349 282)	(166 760)

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.

**21.23 National: MIG Funds**

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)	(7 124 704)	(20 946 746)

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.

**21.24 National: MSIG Funds**

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)	(5 119)	-

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.

**21.25 National: Department of Minerals and Energy**

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)	(363 792)	(140 000)

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

**21.26 National Government: EPWP**

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)
	-	-

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

**21.27 Other Government: Fonteinbos**

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)	1 749 191	1 798 480

No funds have been withheld.

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

	2013 R	2012 R
<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>	<b>-</b>	<b>1 600 149</b>
<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>	<b>90 869 959</b>	<b>80 065 650</b>
<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>	<b>623 317</b>	<b>630 059</b>
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
	<b>2 101 264</b>	<b>2 029 335</b>
<b>Outstanding Debtors:</b>		
Long-term Debtors	284	966
Outstanding Billing Debtors	3 551 246	2 760 813
	<b>3 551 530</b>	<b>2 761 779</b>
<b>Total Interest Earned</b>	<b>5 652 794</b>	<b>4 791 114</b>
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
	<b>5 652 794</b>	<b>4 791 114</b>
<b>26. OTHER REVENUE</b>		
Bulk Contributions	127 105	59 509
Insurance Claims	727 573	438 513
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>	<b>1 612 444</b>	<b>1 722 295</b>
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	37 982 074	36 209 290
Basic Salaries and Wages	37 800 678	35 435 646
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	1 001 620	1 280 197
Allowances	1 001 620	1 280 197
Housing Benefits and Allowances	124 061	118 279
Overtime Payments	1 935 054	1 615 210
Performance Bonuses	273 663	1 160 954
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>53 854 022</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**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
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	27 760 750	25 511 988
Amortisation: Intangible Assets	5 414	-
Depreciation: Investment Property	11 760	11 760
<b>Total Depreciation and Amortisation</b>	<b><u>27 777 924</u></b>	<b><u>25 523 748</u></b>
<i>Depreciation and Amortisation</i> 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>Furthermore, Depreciation and Amortisation</i> have been restated for the correction of error in assessment of estimated useful lives.		
<b>30. IMPAIRMENT LOSSES</b>		
<b>30.1 Impairment Losses on Financial Assets</b>		
<b>Impairment Losses Recognised:</b>	2 751 942	7 441 079
Receivables from Exchange Transactions	2 303 142	7 106 869
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>Total Impairment Losses</b>	<b><u>2 751 942</u></b>	<b><u>13 418 208</u></b>
<i>Impairment Losses</i> 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.		
<b>31 BULK PURCHASES</b>		
Electricity	41 041 199	35 775 769
Water	-	(82 313)
<b>Total Bulk Purchases</b>	<b><u>41 041 199</u></b>	<b><u>35 693 456</u></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><u>1 516 183</u></b>	<b><u>1 508 790</u></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><u>18 000</u></b>	<b><u>31 750</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>34. GENERAL EXPENSES</b>		
Included in General Expenses are the following:		
Adverts, Printing & Stationary	556 677	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	388 276	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
Stippends: 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>34 451 190</b>	<b>27 776 438</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**

	<b>9 420 281</b>	<b>4 806 411</b>
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	3 727 278	85 700	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	28 734 105	3 732 745	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	647 761 040	26 388 435	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	12 321 736	(1 145 330)	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>				
Retirement Benefit Liabilities	21 105 015	17 590 775	(3 514 240)	35.12
Non-current Provisions	8 500 000	7 114 676	(1 385 324)	35.13
<b>Net Assets</b>				
Accumulated Surplus/Deficit	642 730 243	674 168 103	31 437 860	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	67 105 207	(3 896 632)	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	95 440	88 600	35.18
Other revenue	1 287 042	1 722 295	435 253	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	25 523 748	444 006	35.20
Impairment Losses	7 889 093	13 418 208	5 529 115	35.21
Repairs and Maintenance	11 244 823	7 706 787	(3 538 036)	35.22
General Expenses	38 258 137	27 776 438	(10 481 699)	35.23

Account Heading/Transaction	Reason for Adjustment	Amount
<b>35.1 Inventories</b>		
The full amount relates to inventory not recognised in the prior year.	Error	<u>85 700</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	3 389 613
Accounting for VAT on conditional grants	Error	(372 942)
Prior year accounting errors	Error	(615 728)
		<u>3 732 745</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 R	2012 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	<u>397 559</u>	
		<u>26 388 438</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	<u>71 863</u>	
		<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	<u>929 337</u>	
		<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	<u>(75 482)</u>	
		<u>(1 145 330)</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	<u>1 106 699</u>	
		<u>4 639 592</u>	
<b>35.11 Unspent Conditional Grants and Receipts</b>			
Adoption of GRAP23	GRAP 23	(6 064 531)	
Accounting for VAT on conditional grants	Error	(224 516)	
Reclassification of to Receivables from Non-Exchange transactions	Error	<u>3 389 613</u>	
		<u>(2 899 435)</u>	
<b>35.12 Retirement Benefit Liabilities</b>			
Reallocation between retirement benefit obligations and non-current provisions	Error	(2 819 152)	
Transfer the correct short term portion to provisions	Error	(929 337)	
Reallocation between retirement benefit obligations and non-current provisions	Error	<u>234 249</u>	
		<u>(3 514 240)</u>	
<b>35.13 Non-current Provisions</b>			
Reallocation between retirement benefit obligations and non-current provisions	Error	2 819 152	
Reallocation between retirement benefit obligations and non-current provisions	Error	(234 249)	
Error in calculation of provision for rehabilitation of landfill sites	Error	<u>(3 970 227)</u>	
		<u>(1 385 324)</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	9 812 738	
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	(438 847)	
Adoption of GRAP 23	Change in Policy	(3 748 207)	
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	88 600	
Restatement of Impairment Losses	Error	(5 529 115)	
Restatement of Repairs and maintenance	Error	3 538 037	
Restatement of General expenses	Error	11 383 770	
Correctly accounting for Provision for Landfill sites and PPE	Error	<u>(907 226)</u>	
		<u>31 437 860</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	<u>(615 728)</u>	
		<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	(3 748 207)	
Incorrect application of GRAP 23	Error	<u>(148 425)</u>	
		<u>(3 896 632)</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>			
Sale of land not recognised in the prior year	Error	<u>88 600</u>	
<b>35.19 Employee related costs</b>			
Employee benefit obligation was overstated	Error	<u>1 326 774</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	<u>(5 162)</u>	
		<u>(444 006)</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	<u>225 103</u>	
		<u>(5 529 115)</u>	
<b>35.22 Repairs and Maintenance</b>			
Amount incorrectly expensed which should have been capitalised	Error	<u>3 538 036</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	<u>435 253</u>	

**36. CHANGE IN ACCOUNTING POLICY**

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

**36.1 Adoption of GRAP 103 - Heritage Assets**

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.

**36.2 Adoption of GRAP 23 - Revenue from non-exchange transactions**

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.

**36.3 Adoption of remaining standards**

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**

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**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 Retirement 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**

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**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	(10 070 724)	7 741 574
Adjustment for:		
Investment income	(5 652 794)	(4 791 114)
Depreciation and Amortisation	27 777 924	25 523 748
Losses / (Gains) on Disposal of Property, Plant and Equipment	42 310	(95 440)
Lease expenses arising from SL	(2 186)	(23 558)
Equitable share adjustment	-	239 070
Contribution to Provisions - Current	4 634 649	(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>17 949 259</b>	<b>40 385 796</b>
Decrease/(Increase) in Inventories	574 266	(586 031)
Decrease/(Increase) in Receivables	6 373 349	(18 726 471)
Increase/(Decrease) in Creditors	2 211 622	(899 890)
Decrease/(Increase) in VAT Receivable	1 192 917	2 090 232
Increase/(Decrease) in Conditional Grants Liability	(49 294)	(3 396 382)
<b>Cash generated by / (utilised in) Operations</b>	<b>28 252 119</b>	<b>18 867 254</b>

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

**39.1 Unauthorised Expenditure**

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

Reconciliation of Unauthorised Expenditure:

Opening balance	120 476	-
Unauthorised Expenditure current year	24 680 447	120 476
Unauthorised Expenditure awaiting authorisation	<b>24 800 923</b>	<b>120 476</b>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted votes exceeded:-</i>	<i>To be condoned by Council</i>
<i>CORPORATE SERVICES - ADMINISTRATION R 0 (2012 - R 120 476)</i>	<i>To be condoned by Council</i>
<i>CORPORATE SERVICES: PROTECTION R135 189 (2012 - R 0)</i>	<i>To be condoned by Council</i>
<i>TECHNICAL SERVICES: ENGINEERING R 23 074 394 (2012 - R 0)</i>	<i>To be condoned by Council</i>
<i>TECHNICAL SERVICES: ELECTRICAL R 1 088 312 (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**

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

**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>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>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>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>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 Booysen	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 Booysen	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**

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**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)(v)	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	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
<b>30 June 2013</b>	Unaccounted Electricity Losses	<u>3 496 233</u>	<u>0.4281</u>	<u>1 496 904</u>
<b>30 June 2012</b>	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
<b>30 June 2013</b>	Unaccounted Water Losses	<u>1 687 234</u>	<u>4.6961</u>	<u>7 923 376</u>
<b>30 June 2012</b>	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**

	2013 R	2012 R
<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>15 755 929</b>	<b>1 356 473</b>
Infrastructure	15 611 412	1 303 073
Community	-	-
Other	144 517	53 400
<b>Total Capital Commitments</b>	<b>15 755 929</b>	<b>1 356 473</b>
This expenditure will be financed from:		
Government Grants	13 789 818	-
Own Resources	1 966 111	1 356 473
	<b>15 755 929</b>	<b>1 356 473</b>

**41.2 Lease Commitments**

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	2 130 259
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	2 997 381	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	9 841 696	25 257 388
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	32 481 144	23 165 260
Bank Balances	Amortised cost	6 898 619	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	2 130 259
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	2 997 381	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	9 841 696	25 257 388
Cash and Cash Equivalents	Call Deposits	32 481 144	23 165 260
Cash and Cash Equivalents	Bank Balances	6 898 619	299 668
Cash and Cash Equivalents	Cash Floats and Advances	2 140	2 040
<b>Total Financial Assets</b>		<b>92 452 435</b>	<b>83 890 831</b>

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

	2013	2012
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<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	- 2 186
<b>Payables from Exchange Transactions</b>		
Trade Creditors	Amortised cost	7 116 563 5 388 296
Retentions	Amortised cost	330 867 -
Other Creditors	Amortised cost	5 905 819 4 443 943
<b>Payables from Non-exchange Transactions</b>		
Staff Leave Accrued	Amortised cost	3 005 116 2 823 721
Sundry Deposits	Amortised cost	912 169 709 172
<b>SUMMARY OF FINANCIAL LIABILITIES</b>		
<b>Financial Liabilities at Amortised Cost:</b>		
Long-term Liabilities	Finance Lease Liabilities	- 2 186
Payables from Exchange Transactions	Trade Creditors	7 116 563 5 388 296
Payables from Exchange Transactions	Retentions	330 867 -
Payables from Exchange Transactions	Other Creditors	5 905 819 4 443 943
Payables from Non-exchange Transactions	Staff Bonuses	- -
Payables from Non-exchange Transactions	Staff Leave Accrued	3 005 116 2 823 721
Payables from Non-exchange Transactions	Sundry Deposits	912 169 709 172
	<u>17 270 534</u>	<u>13 367 318</u>
<b>Total Financial Liabilities</b>	<u><b>17 270 534</b></u>	<u><b>13 367 318</b></u>

**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.

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	2013	2012
	R	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	53 038 521	47 711 051
Cash and Cash Equivalents	(39 381 903)	(23 466 968)
<b>Net Debt</b>	<b>13 656 618</b>	<b>24 244 083</b>
<b>Equity</b>	<b>664 097 379</b>	<b>670 245 842</b>
<b>Net debt to equity ratio</b>	<b>2.06%</b>	<b>3.62%</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.

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**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 timely 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.



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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	19 371 527	13 945 614
Other Debtors	21 877 003	36 075 705
Bank, Cash and Cash Equivalents	39 381 902	23 466 968
<b>Maximum Credit and Interest Risk Exposure</b>	<b>80 630 432</b>	<b>73 488 287</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	11.28%	63.93%
- Industrial / Commercial	5.92%	6.47%
- National and Provincial Government	35.98%	5.44%
Other Debtors:		
- Other not Classified	3.02%	35.65%
<b>Total Credit Risk</b>	<b>56.21%</b>	<b>111.50%</b>
<b>Bank and Cash Balances</b>		
ABSA Bank Ltd	438 619	1 313 202
Standard Bank	-	1 194 747
Investec	21 214 107	20 657 311
First National Bank	17 727 037	299 669
Cash Equivalents	2 140	2 040
<b>Total Bank and Cash Balances</b>	<b>39 381 903</b>	<b>23 466 968</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>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:		
Counterparties without external credit rating:-		
Group 1	8 030 293	5 952 887
Group 2	1 159 788	1 162 416
	<u>9 190 081</u>	<u>7 115 303</u>
<b>Total Receivables from Exchange Transactions</b>	<b><u>9 190 081</u></b>	<b><u>7 115 303</u></b>
<b>Receivables from Non-exchange Transactions</b>		
Group 1	1 149 447	1 599 734
<b>Total Receivables from Non-exchange Transactions</b>	<b><u>1 149 447</u></b>	<b><u>1 599 734</u></b>

**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	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2013</b>								
Non-interest Bearing		0.00%	19 119 295	19 119 295	-	-	-	-
- Payables from Exchange transactions			14 533 357	14 533 357	-	-	-	-
- Payables from Non-exchange transactions			4 585 937	4 585 937	-	-	-	-
			-					
			<b>19 119 295</b>	<b>19 119 295</b>	-	-	-	-
<b>30 June 2012</b>								
Non-interest Bearing		0.00%	16 961 328	16 961 328	-	-	-	-
- Payables from Exchange transactions			12 321 736	12 321 736	-	-	-	-
- Payables from Exchange transactions			4 639 592	4 639 592	-	-	-	-
			-					
			<b>16 961 328</b>	<b>16 961 328</b>	-	-	-	-

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**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	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2013</b>								
Non-interest Bearing		0.00%	33 460 270	33 460 270	-	-	-	-
- Trade Receivables from Exchange Transactions			19 371 527	19 371 527	-	-	-	-
- Trade Receivables from Non-exchange Transactions			14 086 603	14 086 603	-	-	-	-
- Cash and Cash Equivalents			2 140	2 140	-	-	-	-
Variable Interest Rate Instruments		0.00%	39 379 763	39 379 763	-	-	-	-
- Call Deposits			32 481 144	32 481 144	-	-	-	-
- Bank Account			6 898 619	6 898 619	-	-	-	-
			<b>72 840 032</b>	<b>72 840 032</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	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>Total Fixed Rate Instruments</b>			-	-	-	-	-	-
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	7		32 481 144	32 481 144	-	-	-	-
Bank Balances and Cash	7		6 900 759	6 287 295	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>39 381 903</b>	<b>38 768 439</b>	-	-	-	-

**30 June 2012**

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<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:**

**25 567                      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.

-                      -  
 25 567                      25 567

(ii) The Wedge  
 The liability on the improvement to the property is currently under dispute. Awaiting instructions from clients regarding taking this matter further. No amount can be determined at this stage.

-                      -

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

-                      -

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

<b>2013</b>	<b>2012</b>
<b>R</b>	<b>R</b>

**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**  
**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	
	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>106 503 550</b>	-	-	-	-	<b>106 503 550</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
Sundries	14 541 253	-	2 055 444	-	-	16 596 697	1 242 706	621 353	-	-	1 864 059	14 732 638
Generators - M	1 272 990	12 421	-	-	-	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	-	-	449 013	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**  
**CAMDEBOO MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R
<i>Sewerage:</i>												
Bulk Pipelines	9 086 184	-	-	-	-	9 086 184	541 796	294 191	-	-	835 987	8 250 197
Pumping Stations - M	255 205	-	-	-	-	255 205	36 860	17 864	-	-	54 724	200 481
Pumping Stations	24 930 305	-	-	-	-	24 930 305	1 710 467	1 614 125	-	-	3 324 593	21 605 712
Pumps - M	210 383	287 578	-	-	-	497 960	22 997	30 849	-	-	53 846	444 115
Pumps	-	-	69 860	-	-	69 860	-	-	-	-	-	69 860
Purification Works	32 533 851	-	-	-	-	32 533 851	2 836 397	1 571 450	-	-	4 407 847	28 126 004
Sewers / Reticulation	41 980 809	-	1 628 120	-	-	43 608 929	1 945 164	972 582	-	-	2 917 746	40 691 183
<i>Water:</i>												
Bulk Supply	10 421 036	-	2 789 426	-	-	13 210 463	1 296 903	597 981	-	-	1 894 883	11 315 579
Dams	33 401 611	-	-	-	-	33 401 611	2 094 733	1 155 349	-	-	3 250 081	30 151 529
Meters - M	103 693	-	-	-	-	103 693	5 667	5 185	-	-	10 852	92 841
Pumping Stations	4 449 755	-	-	-	-	4 449 755	625 801	317 131	-	-	942 932	3 506 822
Purification Plant	11 925 449	-	-	-	-	11 925 449	1 287 592	576 110	-	-	1 863 702	10 061 748
Metalwork - M	41 732	-	-	-	-	41 732	10 974	8 346	-	-	19 321	22 411
	<b>570 086 565</b>	<b>6 318 070</b>	<b>7 327 692</b>	-	-	<b>583 732 327</b>	<b>45 072 763</b>	<b>23 497 317</b>	-	-	<b>68 570 081</b>	<b>515 162 246</b>
<b>Community Assets</b>												
<i>Recreational Facilities:</i>												
Museums and Art Galleries	141 100	-	-	-	-	141 100	124 475	2 822	-	-	127 297	13 803
Work of Art	2 358	-	-	-	-	2 358	1 916	59	-	-	1 975	383
Parks - Inf	-	171 790	-	-	-	171 790	-	5 872	-	-	5 872	165 919
Recreation Centres	2 046 400	-	43 236	-	-	2 089 636	1 852 965	68 213	-	-	1 921 179	168 457
<i>Sports Facilities:</i>												
Stadiums	-	4 994 778	-	-	-	4 994 778	-	138 847	-	-	138 847	4 855 931
Stadiums	5 185 600	-	155 219	-	-	5 340 819	3 150 170	158 131	-	-	3 308 301	2 032 518
<i>Other Facilities:</i>												
Cemeteries	-	-	775 000	-	-	775 000	-	-	-	-	-	775 000
Community Centres	11 807 100	-	-	-	-	11 807 100	9 041 623	180 311	-	-	9 221 933	2 585 167
Libraries	3 736 600	-	-	-	-	3 736 600	3 003 432	63 002	-	-	3 066 434	670 166
Municipal Pounds	-	93 860	-	-	-	93 860	-	3 129	-	-	3 129	90 731
	<b>22 919 158</b>	<b>5 260 428</b>	<b>973 454</b>	-	-	<b>29 153 040</b>	<b>17 174 582</b>	<b>620 385</b>	-	-	<b>17 794 967</b>	<b>11 358 074</b>
<b>Other Assets</b>												
<i>Computer Equipment:</i>												
Computer Hardware	435 784	507 966	-	-	-	943 750	222 729	105 651	-	-	328 380	615 371
Computer Networks	1 232 692	-	-	-	(6 557)	1 226 135	589 781	161 078	-	(1 968)	748 892	477 243
<i>Furniture and Fittings:</i>												
Other Furniture	2 445 232	65 802	-	-	-	2 511 034	1 530 629	222 453	-	-	1 753 082	757 952
<i>Motor Vehicles:</i>												
Motor Cars	19 139 861	5 209 530	-	-	(155 049)	24 194 342	10 849 650	1 893 828	-	(97 628)	12 645 850	11 548 493
Motor Cycles	102 036	-	-	-	-	102 036	76 586	20 407	-	-	96 993	5 042
Trailers	2 207 173	-	-	-	-	2 207 173	1 356 633	187 716	-	-	1 544 349	662 824
<i>Office Equipment:</i>												
Air Conditioners	577 482	23 412	-	-	-	600 894	247 911	70 934	-	-	318 845	282 049
Audiovisual Equipment	27 721	-	-	-	-	27 721	17 983	3 638	-	-	21 621	6 100
Domestic Equipment	20 235	-	-	-	-	20 235	13 147	1 901	-	-	15 048	5 187
Office Machines	530 091	183 273	-	-	(8 816)	704 548	225 343	91 907	-	(5 516)	311 733	392 815

**APPENDIX A**  
**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	
	R	R	R	R	R	R	R	R	R	R	R	R
<i>Plant and Equipment:</i>												
Laboratory Equipment	568 144	-	-	-	-	568 144	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	730 898	382 478	-	-	-	1 113 376	312 669	79 259	-	-	391 928	721 448
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>30 612 097</b>	<b>7 032 621</b>	-	-	<b>(170 422)</b>	<b>37 474 297</b>	<b>15 986 200</b>	<b>3 383 071</b>	-	<b>(105 112)</b>	<b>19 264 159</b>	<b>18 210 138</b>
<b>Total</b>	<b>730 121 370</b>	<b>18 611 120</b>	<b>8 301 146</b>	-	<b>(170 422)</b>	<b>756 863 214</b>	<b>91 143 679</b>	<b>27 760 750</b>	-	<b>(105 112)</b>	<b>118 799 317</b>	<b>638 063 897</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	
	R	R	R	R	R	R	R	R	R	R	R	R
<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>458 500</b>	-	-	-	-	<b>458 500</b>	<b>235 224</b>	<b>11 760</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	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Intangible Assets</b>												
Computer Software	-	44 899	-	-	-	44 899	-	5 414	-	-	5 414	39 486
	-	<b>44 899</b>	-	-	-	<b>44 899</b>	-	<b>5 414</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	
	R	R	R	R	R	R	R	R	R	R	R	R
<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>2 370 000</b>	-	-	-	-	<b>2 370 000</b>	-	-	-	-	-	<b>2 370 000</b>
<b>Total Asset Register</b>	<b>732 949 870</b>	<b>18 656 020</b>	<b>8 301 146</b>	-	<b>(170 422)</b>	<b>759 736 613</b>	<b>91 378 904</b>	<b>27 777 924</b>	-	<b>(105 112)</b>	<b>119 051 715</b>	<b>640 684 898</b>

**APPENDIX B**  
**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	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	3 831 003	(105 113)	24 753 130	75 348 497
Planning and Development	6 011 621	1 042 638	-	-	7 054 259	4 428 674	-	-	4 428 674	2 625 586
Health	538 332	-	-	-	538 332	228 374	-	-	228 374	309 958
Community and Social Services	37 970 996	-	775 000	-	38 745 996	9 751 280	625 547	-	10 376 827	28 369 169
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	2 482 821	-	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>732 949 870</b>	<b>18 656 019</b>	<b>8 301 146</b>	<b>(170 422)</b>	<b>759 736 613</b>	<b>91 378 904</b>	<b>27 777 924</b>	<b>(105 113)</b>	<b>119 051 715</b>	<b>640 684 898</b>

**APPENDIX C  
CAMDEBOO MUNICIPALITY**

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

<b>2012 Actual Income</b>	<b>2012 Actual Expenditure</b>	<b>2012 Surplus/ (Deficit)</b>	<b>Description</b>	<b>2013 Actual Income</b>	<b>2013 Actual Expenditure</b>	<b>2013 Surplus/ (Deficit)</b>
<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>	<b>R</b>	<b>R</b>
466 603	7 343 314	(6 876 712)	Executive and Council	2 569 730	7 251 226	(4 681 496)
54 710 884	16 761 801	37 949 083	Finance and Administration	61 871 499	19 917 767	41 953 732
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	10 262 818	(7 780 285)	Other	1 053 111	10 086 063	(9 032 952)
<b>147 160 656</b>	<b>139 419 080</b>	<b>7 741 576</b>	<b>Sub-Total</b>	<b>167 013 798</b>	<b>177 084 522</b>	<b>(10 070 724)</b>
			Revenue Foregone			
<b>147 160 656</b>	<b>139 419 080</b>	<b>7 741 576</b>	<b>Total</b>	<b>167 013 798</b>	<b>177 084 522</b>	<b>(10 070 724)</b>

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

Description	2012/13						2011/12		Restated Audited Outcome
	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	
	R	R	R	R	R	R	R	R	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	61 871 499	(893 554)	98.58	102.23	54 710 884
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	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	1 839 375
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>4 083 808</b>	<b>188 510 253</b>	<b>188 510 253</b>	<b>167 013 436</b>	<b>(21 496 817)</b>	<b>88.60</b>	<b>90.56</b>	<b>147 160 656</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)	78.35	71.32	7 343 314
Budget and Treasury Office	22 905 064	2 648 713	25 553 777	25 553 777	19 917 767	(5 636 010)	77.94	86.96	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	9 801 870	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	-	700 000	700 000	700 000	(525 825)	(1 225 825)	0.00	0.00	(264 814)
Health	1 619 793	(84 699)	1 535 094	1 535 094	1 410 322	(124 772)	91.87	87.07	1 214 729
<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	776 113	(338 549)	69.63	89.44	714 676
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>177 084 159</b>	<b>6 864 859</b>	<b>104.03</b>	<b>111.47</b>	<b>139 419 082</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>(10 070 724)</b>	<b>(28 361 677)</b>	<b>0.00</b>	<b>0.00</b>	<b>7 741 574</b>

**APPENDIX D (2)**  
**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	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	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	583 728	126.24	125.67	819 155
Vote 2 - CORPORATE SERVICES: ADMINISTRN	691 831	(92 402)	599 429	599 429	2 373 093	1 773 664	395.89	343.02	2 189 209
Vote 3 - CORPORATE SERVICES: COMM SERV	7 866 864	(1 367 191)	6 499 673	6 499 673	4 531 902	(1 967 771)	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	47 701	102.03	94.08	1 839 375
Vote 5 - FINANCIAL SERVICES	60 519 054	2 245 999	62 765 053	62 765 053	61 871 499	(893 554)	98.58	102.23	54 710 884
Vote 6 - TECHNICAL SERVICES: ENGINEERING	44 856 148	(507 915)	44 348 233	44 348 233	24 495 265	(19 852 968)	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	(1 187 680)	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>167 013 373</b>	<b>(21 496 880)</b>	<b>88.60</b>	<b>90.56</b>	<b>147 160 656</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	(1 626 975)	84.13	77.25	8 288 234
Vote 2 - CORPORATE SERVICES: ADMINISTRN	11 850 272	(151 584)	11 698 688	11 698 688	10 792 838	(905 850)	92.26	91.08	10 742 210
Vote 3 - CORPORATE SERVICES: COMM SERV	18 633 217	2 583 177	21 216 394	21 216 394	31 259 348	10 042 954	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	(42 013)	98.90	105.82	3 171 455
Vote 5 - FINANCIAL SERVICES	22 905 064	2 648 713	25 553 777	25 553 777	19 917 767	(5 636 010)	77.94	86.96	16 899 768
Vote 6 - TECHNICAL SERVICES: ENGINEERING	33 729 032	5 612 983	39 342 015	39 342 015	43 026 121	3 684 106	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	1 348 585	102.31	104.69	56 125 849
<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>177 084 097</b>	<b>6 864 797</b>	<b>104.03</b>	<b>111.47</b>	<b>139 419 082</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>(10 070 724)</b>	<b>(28 361 677)</b>	<b>0.00</b>	<b>0.00</b>	<b>7 741 574</b>

**APPENDIX E  
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	June	Sept	Dec	March	June		
Equitable Share	Nat Treasury	-	15 527 000	12 421 000	9 316 000	-	-	15 527 000	12 421 000	9 316 000	-	Yes	N/A
FMG	Nat Treasury	-	1 750 000	-	-	-	-	872 976	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	-	-	15 149 953	262 240	196 680	126 127	Yes	N/A
Bulk Infrastructure Grant	DWAF	-	-	600 000	1 394 386	3 303 167	-	-	-	600 178	3 470 618	Yes	N/A
DWAF O & M	DWAF	-	-	-	-	-	-	-	-	-	-	Yes	N/A
DME Projects	DME	-	-	-	-	-	-	-	-	-	-	Yes	N/A
MSIG	DPLG	-	800 000	-	-	-	-	462 649	184 119	73 717	79 515	Yes	N/A
EPWP Incentive Grant	Province	-	400 000	300 000	300 000	-	-	116 502	129 053	619 097	135 348	Yes	N/A
Health - Clinics	Province	-	-	-	-	-	-	257 831	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>32 386 911</b>	<b>13 827 129</b>	<b>11 003 273</b>	<b>6 033 807</b>		