

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

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**CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015**

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 |

ADDRESS OF THE CAMDEBOO LOCAL MUNICIPALITY

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

GRADING OF THE LOCAL AUTHORITY

Grade 3

EXTERNAL AUDITORS

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

PRIMARY BANKER

First National Bank

MUNICIPAL MANAGER

Mr Noel Pietersen
049 807 5900
pieterssenmn@camdeboo.gov.za

**CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015**

GENERAL INFORMATION

CHIEF FINANCIAL OFFICER

Mr Jimmy Joubert
049 807 5736
083 284 9807
joubertj@camdeboo.gov.za

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 12 to 91, 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.



NOEL PIETERSEN
MUNICIPAL MANAGER
31 August 2015



JIMMY JOUBERT
CHIEF FINANCIAL OFFICER
31 August 2015

CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

MEMBERS OF THE COUNCIL

| COUNCILLORS | WARD | PROPORTIONAL COUNCILLORS |
|-----------------------|-------------|---------------------------------|
| 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 |

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.



MUNICIPAL MANAGER
31 August 2015

**CAMDEBOO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015**

AUDIT REPORT

The 2014/15 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 2015

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 2015.

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 2015 indicates an decrease in Net Assets. This was as a result of the an decrease in Current Assets, decrease in Non-Current Assets and a increase in Current and Non-Current liabilities.

The decrease in Net Assets is ascribed primarily to the decrease in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in total Liabilities is 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 | 2015 | 2014 |
|---|--------------|--------------|
| (Deficit) / Surplus before Appropriations | (40 338 140) | (16 433 517) |
| Surplus at the end of the Year | 627 451 110 | 667 789 252 |
| Expenditure Categories as a percentage of Total Expenses: | | |
| Employee Related Costs | 31,09% | 27,09% |
| Remuneration of Councillors | 1,63% | 1,72% |
| Depreciation and Amortisation | 16,36% | 19,32% |
| Impairment Losses | 7,80% | 4,13% |
| Repairs and Maintenance | 4,97% | 4,96% |
| Bulk Purchases | 19,03% | 21,38% |
| Contracted Services | 1,19% | 0,84% |
| Grants and Subsidies Paid | 0,01% | 0,01% |
| General Expenses | 17,91% | 20,49% |
| Current Ratio: | | |
| Trade Creditors Days | 49 | 10 |
| Debtors from Exchange Transactions Days | 66 | 95 |

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.

3. OPERATING RESULTS (Continued)

The overall operating results for the year ended 30 June 2015 are as follows:

| DETAILS | Actual 2014/15 R | Actual 2013/14 R | Percentage Variance % | Budgeted 2014/15 R | Variance actual/ budgeted % |
|------------------------------------|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income: | | | | | |
| Opening surplus | - | 684 214 238 | (100,00) | - | - |
| Operating income for the year | 210 041 547 | 187 929 480 | 11,77 | 227 343 916 | (7,61) |
| Appropriations for the year | (27 752) | (5 671 762) | (99,51) | - | 100,00 |
| | 210 013 795 | 866 471 956 | (75,76) | 227 343 916 | (7,62) |
| Expenditure: | | | | | |
| Operating expenditure for the year | 250 379 687 | 204 362 998 | 22,52 | 240 334 207 | 4,18 |
| | 250 379 687 | 204 362 998 | 22,52 | 240 334 207 | 4,18 |

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 2014/15 R | Actual 2013/14 R | Percentage Variance % | Budgeted 2014/15 R | Variance actual/ budgeted % |
|--|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income | 79 993 265 | 67 847 802 | 17,90 | 74 625 096 | 7,19 |
| Expenditure | 96 980 311 | 87 172 180 | 11,25 | 101 743 000 | (4,68) |
| Surplus / (Deficit) | (16 987 046) | (19 324 378) | (12,10) | (27 117 904) | (37,36) |
| Surplus / (Deficit) as % of total income | (21,24)% | (28,48)% | | (36,34)% | |

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 2014/15 R | Actual 2013/14 R | Percentage Variance % | Budgeted 2014/15 R | Variance actual/ budgeted % |
|--|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income | 4 270 | 3 993 | 6,93 | 4 000 | 6,75 |
| Expenditure | (6 574) | 1 175 852 | (100,56) | 100 000 | (106,57) |
| Surplus / (Deficit) | 10 844 | 1 179 845 | (99,08) | (96 000) | (111,30) |
| Surplus / (Deficit) as % of total income | 253,96% | 29546,76% | | (2400,00)% | |

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 2014/15 R | Actual 2013/14 R | Percentage Variance % | Budgeted 2014/15 R | Variance actual/ budgeted % |
|--|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income | 32 355 373 | 40 298 891 | (19,71) | 35 582 000 | (9,07) |
| Expenditure | 51 004 724 | 28 432 434 | 79,39 | 37 661 000 | 35,43 |
| Surplus / (Deficit) | (18 649 351) | 11 866 457 | (257,16) | (2 079 000) | 797,03 |
| Surplus / (Deficit) as % of total income | (57,64)% | 29,45% | | (5,84)% | |

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R47 654 228 (2014: R43 697 064). Tariffs levied for electricity are subject to administered adjustments.

| DETAILS | Actual 2014/15 R | Actual 2013/14 R | Percentage Variance % | Budgeted 2014/15 R | Variance actual/ budgeted % |
|------------------------------|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income | 81 999 730 | 65 679 022 | 24,85 | 80 213 000 | 2,23 |
| Expenditure | 71 953 871 | 64 405 470 | 11,72 | 73 056 000 | (1,51) |
| Surplus | 10 045 859 | 1 273 552 | 688,81 | 7 157 000 | 40,36 |
| Surplus as % of total income | 12,25% | 1,94% | | 8,92% | |

3.5 Water Services:

Water is purified by Camdeboo for their own use.

| DETAILS | Actual 2014/15 R | Actual 2013/14 R | Percentage Variance % | Budgeted 2014/15 R | Variance actual/ budgeted % |
|--|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income | 15 688 909 | 14 099 772 | 11,27 | 36 944 000 | (57,53) |
| Expenditure | 30 447 355 | 23 177 061 | 31,37 | 27 879 000 | 9,21 |
| Surplus / (Deficit) | (14 758 446) | (9 077 289) | 62,59 | 9 065 000 | (262,81) |
| Surplus / (Deficit) as % of total income | (94,07)% | (64,38)% | | 24,54% | |

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R 37 258 034 (2013: R 27 030 790). Full details of Assets are disclosed in Notes 7, 8, 9, 10 and Appendices "A, B and D (2)" to the Annual Financial Statements.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

| DETAILS | 2015 | 2014 |
|---|--------------|--------------|
| <i>Variance per Category:</i> | | |
| Budgeted surplus before appropriations | (12 990 291) | 1 172 192 |
| Revenue variances | (17 302 369) | (20 501 149) |
| Expenditure variances: | | |
| Employee Related Costs | (2 346 899) | 6 590 402 |
| Remuneration of Councillors | 112 310 | 29 401 |
| Depreciation and Amortisation | 12 204 428 | (13 856 350) |
| Impairment Losses | (16 216 865) | (5 638 615) |
| Repairs and Maintenance | 9 820 | 6 387 293 |
| Bulk Purchases | 1 474 878 | 1 767 591 |
| Contracted Services | (274 505) | (271 497) |
| Grants and Subsidies Paid | 10 000 | 15 000 |
| General Expenses | (5 018 647) | 8 018 559 |
| Loss on disposal of Property, Plant and Equipment | - | (146 345) |
| Actual (deficit) / surplus before appropriations | (40 338 140) | (16 433 517) |

5. RECONCILIATION OF BUDGET TO ACTUAL (CONTINUED)

5.1 Operating Budget: (continued)

| DETAILS | 2015 | 2014 |
|--|--------------|--------------|
| <i>Variance per Service Segment:</i> | | |
| Budgeted surplus before appropriations | (12 990 291) | 1 172 192 |
| Executive and Council | 2 583 871 | (2 442 416) |
| Finance and Administration | 4 750 301 | 4 589 524 |
| Planning and Development | (970 181) | (214 367) |
| Health | (228 396) | 66 903 |
| Community and Social Services | 764 379 | 21 748 |
| Housing | 106 844 | (1 176 130) |
| Public Safety | (158 453) | (87 899) |
| Sport and Recreation | 1 446 442 | (142 641) |
| Waste Management | (16 570 351) | 1 359 939 |
| Roads and Transport | 2 081 239 | (16 553 025) |
| Water | (23 823 446) | (4 440 148) |
| Electricity | 2 888 859 | 2 013 306 |
| Other | (218 958) | (600 503) |
| Actual (deficit) / surplus before appropriations | (40 338 140) | (16 433 517) |

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 the Budget Statement.

5.2 Capital Budget:

| DETAILS | Actual 2014/15 R | Actual 2013/14 R | Variance actual 2014/15/2013/14 R | Budgeted 2014/15 R | Variance actual/ budgeted R |
|----------------------------|------------------------|------------------------|---|--------------------------|-----------------------------------|
| Executive and Council | 86 141 | - | 86 141 | 6 000 000 | (5 913 859) |
| Finance and Administration | 3 979 684 | 6 034 883 | (2 055 199) | 340 000 | 3 639 684 |
| Planning and Development | 268 484 | 1 042 638 | (774 154) | - | 268 484 |
| Sport and Recreation | 308 579 | 5 260 428 | (4 951 849) | 1 953 654 | (1 645 075) |
| Waste Management | 5 187 821 | 287 578 | 4 900 243 | 20 553 125 | (15 365 304) |
| Roads and Transport | 1 359 693 | 3 792 065 | (2 432 372) | 1 000 000 | 359 693 |
| Water | 791 178 | 2 226 007 | (1 434 829) | 13 050 000 | (12 258 822) |
| Electricity | 15 807 012 | 12 421 | 15 794 591 | 800 000 | 15 007 012 |
| Other | 1 821 577 | - | 1 821 577 | - | 1 821 577 |
| | 29 610 170 | 18 656 020 | 10 954 150 | 43 696 779 | (14 086 609) |

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2015 amounted to R627 451 110 (30 June 2014: R667 789 252) and is made up as follows:

| | |
|--|--------------------|
| Capital Replacement Reserve | 5 000 000 |
| Self-insurance Reserve | 5 537 484 |
| Accumulated Surplus due to the results of Operations | 616 913 628 |
| | <u>627 451 112</u> |

6. ACCUMULATED SURPLUS (CONTINUED)

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 20 and the Statement of Change in Net Assets for more detail.

7. EMPLOYEE BENEFIT LIABILITIES

The outstanding amount of the Long Term Retirement Benefit Liabilities as at 30 June 2015 was R33 041 000 (30 June 2014: R22 610 077).

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 18 for more detail.

8. NON-CURRENT PROVISIONS

Non-Current Provisions amounted to R6 587 000 as at 30 June 2015 (30 June 2014: R4 225 265) and is made up as follows:

| | |
|---|------------------|
| Provision for Rehabilitation of Land-fill Sites (incl. current portion) | 6 744 201 |
| | <u>6 744 201</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 19 for more detail.

9. CURRENT LIABILITIES

Current Liabilities amounted to R38 030 657 as at 30 June 2015 (30 June 2014: R30 314 004) and is made up as follows:

| | | |
|--|-------------|-------------------|
| Consumer Deposits | Note 11 | 2 133 554 |
| Cash and Cash Equivalents | Note 6 | 219 770 |
| Current Portion of Long-term Liabilities | Note 17, 18 | 1 400 000 |
| Provisions | Note 12 | 2 051 456 |
| Payables from Exchange Transactions | Note 13 | 24 914 890 |
| Payables from Non-exchange Transactions | Note 14 | 2 516 486 |
| Unspent Conditional Grants and Receipts | Note 15 | 4 637 301 |
| Current Portion of Provision for Rehabilitation of Land-fill Sites | Note 16 | 157 200 |
| | | <u>38 030 657</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 R647 495 249 as at 30 June 2015 (30 June 2014: R659 056 321).

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

11. INTANGIBLE ASSETS

The net value of Intangible Assets were R17 159 as at 30 June 2015 (30 June 2014: R31 669).

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 R187 994 as at 30 June 2015 (30 June 2014: R199 756).

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 2015 (30 June 2014: 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 to R55 039 364 as at 30 June 2015 (30 June 2014: R63 303 076) and is made up as follows:

| | | |
|--|---------|-------------------|
| Inventories | Note 2 | 4 879 022 |
| Receivables from Exchange Transactions | Note 3 | 18 723 804 |
| Receivables from Non-exchange Transactions | Note 4 | 7 770 489 |
| Non-current Assets Held-for-Sale | Note 5 | 1 920 922 |
| Cash and Cash Equivalents | Note 6 | 21 599 298 |
| VAT Receivable | Note 16 | 145 829 |
| | | <u>55 039 364</u> |

The decrease in the amount for Current Assets is mainly due to the decrease in Receivables from exchange transactions.

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 Note 22, 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 46.

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.



CHIEF FINANCIAL OFFICER

31 August 2015

CAMDEBOO MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

| | | Actual | |
|---|------|---------------------------|---------------------------|
| | Note | 2015 R | Restated 2014 R |
| ASSETS | | | |
| Current Assets | | 55 039 364 | 63 303 076 |
| Inventories | 2 | 4 879 022 | 3 802 215 |
| Receivables from Exchange Transactions | 3 | 18 723 804 | 24 766 214 |
| Receivables from Non-exchange Transactions | 4 | 7 770 489 | 3 013 184 |
| Non-current assets held for sale | 5 | 1 920 922 | 2 060 922 |
| Cash and Cash Equivalents | 6 | 21 599 298 | 29 660 541 |
| Vat Receivable | 16 | 145 829 | - |
| Non-Current Assets | | 650 070 402 | 661 657 746 |
| Property, Plant and Equipment | 7 | 647 495 249 | 659 056 321 |
| Intangible Assets | 8 | 17 159 | 31 669 |
| Investment Property | 9 | 187 994 | 199 756 |
| Heritage Assets | 10 | 2 370 000 | 2 370 000 |
| Total Assets | | <u>705 109 766</u> | <u>724 960 822</u> |
| LIABILITIES | | | |
| Current Liabilities | | 38 030 657 | 30 314 004 |
| Consumer Deposits | 11 | 2 133 554 | 1 881 244 |
| Cash and Cash Equivalents | 6 | 219 770 | 1 842 499 |
| Current Portion of Long-term Liabilities | 18 | 1 400 000 | 1 338 006 |
| Provisions | 12 | 2 051 456 | 1 781 778 |
| Payables from Exchange Transactions | 13 | 24 914 890 | 6 788 836 |
| Payables from Non-exchange Transactions | 14 | 2 516 486 | 739 314 |
| Unspent Conditional Grants and Receipts | 15 | 4 637 301 | 9 461 624 |
| VAT Payable | 16 | - | 4 931 384 |
| Provision for Rehabilitation of Land-fill Sites | 19 | 157 200 | 1 549 319 |
| Non-Current Liabilities | | 39 628 000 | 26 835 342 |
| Employee Benefit Liabilities | 18 | 33 041 000 | 22 610 077 |
| Provision for Rehabilitation of Land-fill Sites | 19 | 6 587 000 | 4 225 265 |
| Total Liabilities | | <u>77 658 657</u> | <u>57 149 346</u> |
| Net Assets | | <u>627 451 109</u> | <u>667 789 252</u> |
| NET ASSETS | | 627 451 110 | 667 789 252 |
| Accumulated Surplus | 20 | 627 451 110 | 667 789 252 |
| Total Net Assets | | <u>627 451 110</u> | <u>667 789 252</u> |

CAMDEBOO MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

| | | Actual | |
|---|------|----------------------------|----------------------------|
| | Note | 2015 | Restated 2014 |
| | | R | R |
| REVENUE | | | |
| Revenue from Non-exchange Transactions | | | |
| Property Rates | 21 | 20 103 133 | 17 102 745 |
| Fines | | 315 094 | 438 392 |
| Licences and Permits | | 1 869 371 | 2 068 243 |
| Government Grants and Subsidies Received | 22 | 73 400 268 | 58 352 217 |
| Donations Received | | 1 474 124 | 5 535 480 |
| Revenue from Exchange Transactions | | | |
| Service Charges | 23 | 103 042 400 | 95 195 694 |
| Rental of Facilities and Equipment | 24 | 580 601 | 619 081 |
| Interest Earned - External Investments | 25 | 2 299 305 | 2 578 140 |
| Interest Earned - Outstanding Debtors | 25 | 4 658 806 | 3 928 358 |
| Other Revenue | 26 | 1 779 270 | 1 524 631 |
| Fair value adjustment on property | | - | 586 500 |
| Gains on Disposal of Property, Plant and Equipment | | 519 175 | - |
| Total Revenue | | <u><u>210 041 547</u></u> | <u><u>187 929 480</u></u> |
| EXPENDITURE | | | |
| Employee Related Costs | 27 | 77 838 620 | 55 362 332 |
| Remuneration of Councillors | 28 | 4 085 624 | 3 504 936 |
| Depreciation and Amortisation | 29 | 40 971 508 | 39 486 158 |
| Impairment Losses | 30 | 19 525 918 | 8 433 204 |
| Repairs and Maintenance | | 12 437 341 | 10 126 540 |
| Bulk Purchases | 31 | 47 654 228 | 43 697 064 |
| Contracted Services | 32 | 2 991 588 | 1 712 391 |
| Grants and Subsidies Paid | 33 | 23 000 | 18 000 |
| General Expenses | 34 | 44 851 860 | 41 876 028 |
| Loss on Disposal of Property, Plant and Equipment | | - | 146 345 |
| Total Expenditure | | <u><u>250 379 687</u></u> | <u><u>204 362 998</u></u> |
| SURPLUS / (DEFICIT) FOR THE YEAR | | <u><u>(40 338 140)</u></u> | <u><u>(16 433 517)</u></u> |
| Refer to Statement of Comparison of Budget and Actual amounts for explanation of budget variances | | | |

CAMDEBOO MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

| Description | Accumulated Surplus / (Deficit) Account | | | Total for Accumulated Surplus/(Deficit) Account | Total |
|--------------------------------|---|------------------------|---------------------------------|---|--------------------|
| | Capital Replacement Reserve | Self Insurance Reserve | Accumulated Surplus / (Deficit) | | |
| | R | R | R | R | R |
| 2014 | | | | | |
| Balance at 30 June 2013 | 5 000 000 | 5 700 369 | 670 509 199 | 681 209 568 | 681 209 568 |
| Prior year error (Note 35) | | | 4 622 637 | 4 622 637 | 4 622 637 |
| Prior year error (Note 35) | | | (1 617 967) | (1 617 967) | (1 617 967) |
| Restated Balance | 5 000 000 | 5 700 369 | 673 513 869 | 684 214 238 | 684 214 238 |
| Surplus for the year | | 8 530 | (10 562 586) | (10 554 056) | (10 554 056) |
| Error/Changes | | | (5 870 929) | (5 870 929) | (5 870 929) |
| Insurance claims processed | | (199 167) | 199 167 | - | - |
| Balance at 30 June 2014 | 5 000 000 | 5 509 732 | 657 279 520 | 667 789 252 | 667 789 252 |
| 2015 | | | | | |
| Restated Balance | 5 000 000 | 5 509 732 | 657 279 520 | 667 789 252 | 667 789 252 |
| Surplus for the year | | - | (40 338 140) | (40 338 140) | (40 338 140) |
| Insurance claims processed | | 27 752 | (27 752) | - | - |
| Balance at 30 June 2015 | 5 000 000 | 5 537 484 | 616 913 628 | 627 451 112 | 627 451 112 |

CAMDEBOO MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

| | Note | Actual 2015 R | 2014 R |
|--|------|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Ratepayers and other | | 204 006 335 | 188 308 974 |
| Payments to suppliers and employees | | (190 390 387) | (170 235 458) |
| Cash generated from operations | 37 | <u>13 615 948</u> | <u>18 073 517</u> |
| Interest received | 25 | 6 958 111 | 6 506 498 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | <u><u>20 574 059</u></u> | <u><u>24 580 015</u></u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | | (28 239 984) | (37 258 034) |
| Purchase of Intangible Assets | 8 | - | (1 995) |
| Proceeds on Disposal of Property, Plant and Equipment | | 975 100 | 30 099 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | <u><u>(27 264 884)</u></u> | <u><u>(37 229 930)</u></u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in consumer deposits | 11 | 252 310 | 253 924 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | <u><u>252 310</u></u> | <u><u>253 924</u></u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT | 6 | <u><u>(6 438 514)</u></u> | <u><u>(12 395 991)</u></u> |
| Cash and Cash Equivalents at Beginning of Period | | <u>27 818 042</u> | <u>40 214 033</u> |
| Cash and Cash Equivalents at End of Period | | <u>21 379 528</u> | <u>27 818 042</u> |

CAMDEBOO MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

| 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 | % | |
| FINANCIAL PERFORMANCE | | | | | | | | | | |
| Revenue from Non-exchange Transactions | | | | | | | | | | |
| Property Rates | 23 657 544 | - | 23 657 544 | 23 657 544 | 20 103 133 | (3 554 411) | 84,98 | 84,98 | -15,02% | Slowdown in debtor payment rate |
| Fines | 223 975 | - | 223 975 | 223 975 | 315 094 | 91 119 | 140,68 | 140,68 | 40,68% | Challenges with judicial process. Contestations |
| Licences and Permits | 2 507 685 | - | 2 507 685 | 2 507 685 | 1 869 371 | (638 314) | 74,55 | 74,55 | -25,45% | Less licenses issued by the public |
| Government Grants and Subsidies Received | 75 848 558 | 5 442 | 75 854 000 | 75 854 000 | 73 400 288 | (2 453 732) | 96,77 | 96,77 | -3,23% | RBIG grant not received |
| Public Contributions and Donations | - | - | - | - | 1 474 124 | 1 474 124 | 0,00 | 0,00 | | |
| Revenue from Exchange Transactions | | | | | | | | | | |
| Service Charges | 117 736 661 | 75 520 | 117 812 181 | 117 812 181 | 103 042 400 | (14 769 781) | 87,46 | 87,52 | -12,54% | Slowdown in debtor payment rate |
| Rental of Facilities and Equipment | 757 179 | - | 757 179 | 757 179 | 580 601 | (176 578) | 76,68 | 76,68 | -23,32% | Less rentals by the public. Difficult item to predict and |
| Interest Earned - External Investments | 2 839 800 | - | 2 839 800 | 2 839 800 | 2 295 305 | (540 495) | 80,97 | 80,97 | -19,03% | Competition from other facilities. |
| Interest Earned - Outstanding Debtors | 2 341 710 | - | 2 341 710 | 2 341 710 | 4 658 808 | 2 317 098 | 199,95 | 199,95 | 99,95% | Better operation and decisions by Investment committee |
| Other Income | 999 842 | - | 999 842 | 999 842 | 1 779 270 | 779 428 | 177,96 | 177,96 | 77,96% | Increased proceeds from insurance claims |
| Gains on Disposal of Property, Plant and Equipment | 350 000 | - | 350 000 | 350 000 | 519 175 | 169 175 | 148 | 148 | 48,34% | Disposal generating revenue (scrappings) |
| Total Revenue | 227 262 954 | 80 962 | 227 343 916 | 227 343 916 | 210 041 547 | (17 302 369) | 92,39 | 92,42 | | |
| Expenditure | | | | | | | | | | |
| Employee Related Costs | 73 263 395 | 2 228 326 | 75 491 721 | 75 491 721 | 77 838 620 | 2 346 899 | 103,11 | 106,24 | 3,11% | |
| Remuneration of Councilors | 3 997 934 | 200 000 | 4 197 934 | 4 197 934 | 4 065 624 | (132 310) | 97,32 | 102,19 | -2,68% | |
| Depreciation and Amortisation | 42 271 005 | 10 904 931 | 53 175 936 | 53 175 936 | 40 971 508 | (12 204 428) | 77,05 | 98,93 | -22,95% | Uncertainty with regards to budget of non cash items |
| Impairment Losses | 3 309 053 | - | 3 309 053 | 3 309 053 | 19 525 918 | 16 216 865 | 590,08 | 590,08 | 490,08% | Increase to doubtful debts handovers and indigents |
| Repairs and Maintenance | 12 447 161 | - | 12 447 161 | 12 447 161 | 12 437 341 | (9 820) | 99,92 | 99,92 | -0,08% | Delays in certain projects resulted in an underspend |
| Bulk Purchases | 49 129 106 | - | 49 129 106 | 49 129 106 | 47 654 228 | (1 474 878) | 97,00 | 97,00 | -3,00% | Delays in certain projects resulted in an underspend |
| Contracted Services | 2 000 760 | 716 323 | 2 717 083 | 2 717 083 | 2 991 588 | 274 505 | 110,10 | 149,52 | 10,10% | Security cost increased. New service points |
| Grants and Subsidies Paid | 33 000 | - | 33 000 | 33 000 | 23 000 | (10 000) | 69,70 | 69,70 | 100,00% | No applications were received for Bursaries |
| General Expenses | 36 576 958 | 3 256 255 | 39 833 213 | 39 833 213 | 44 851 860 | 5 018 647 | 112,60 | 122,62 | 12,60% | Accounting elimination of IGG expenditure |
| Loss on Disposal of Property, Plant and Equipment | - | - | - | - | - | - | - | - | 100,00% | |
| Total Expenditure | 223 028 372 | 17 305 635 | 240 334 207 | 240 334 207 | 250 379 687 | 10 045 480 | 104,18 | 112,26 | | |
| Surplus/(Deficit) | 4 234 582 | (17 224 673) | (12 990 291) | (12 990 291) | (40 338 140) | (27 347 849) | - | - | | |
| Surplus/(Deficit) after Capital Transfers and | 4 234 582 | (17 224 673) | (12 990 291) | (12 990 291) | (40 338 140) | (27 347 849) | - | - | | |
| Surplus/(Deficit) for the Year | 4 234 582 | (17 224 673) | (12 990 291) | (12 990 291) | (40 338 140) | (27 347 849) | - | - | | |

Note: Budget adjustments during the Adjustment Budget period were effected in accordance with the spending as at January 2014. Savings were reallocated to votes that were overspending or close to being overspent. Capital projects were reallocated from Capital Budget to the Operating Budget due to the nature of work performed.

CAMDEBOO MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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).

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 2014 and 30 June 2015 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.

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

CAMDEBOO MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

The uncertainties and assumptions attached to this provision are listed as follows:

The landfill closure designs are based on current day legislation (Minimum Requirements for Waste Disposal by Landfill, Second Edition 1998) and current permits. Should the Minister require for the sites to be relicensed or brought in line with new legislation, the closure requirements may be affected which may in turn affect the costing analysis.

It is assumed that clean sand and clay is available locally (nearby/alongside/within) to the site and no importation (long-distance haulage) of materials is required. Material on or close to site is sufficient for closure.

It is assumed that the general public have not requested a specific final shape or enduse for the landfill sites.

CAMDEBOO MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. 2. 8 Provisions and contingent liabilities (Continued)

The estimate does not take into account post closure monitoring or maintenance costs as this is an item for the Municipality's OPEX budget.

It is assumed that there are no special influences that may affect the cap design.

It is assumed that existing ground water monitoring boreholes are in working order.

It is noted that no building infrastructure is required as part of the closure.

A construction period of 3.5, 4 and 6 months for the Nieu-Bethesda, Aberdeen and Graaff-Reinet sites respectively has been assumed. These construction periods are educated assumptions and are based on previous and current projects of a similar size.

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 atleast 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.

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 32 Service Concession Arrangement: Grantor
- 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
- GRAP 108 Statutory Receivables

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

CAMDEBOO MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 32 - Service Concession Arrangement: Grantor

The standard prescribes the accounting treatment for service concession arrangements by the grantor, a public sector entity.

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.

GRAP 108 - Statutory Receivables

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

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.

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

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

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

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

CAMDEBOO MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

A general insurance reserve has been established, and subject to reinsurance where deemed necessary, it covers claims that may occur which are not covered by the insurance contracts in place with the external service providers. 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.

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

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

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

| | Years | | Years |
|-------------------------|---------|--------------------------------|-----------------|
| Infrastructure | | Buildings | 30 - 100 |
| Roads and Paving | 50 | | |
| Electricity | 20 - 30 | Other | |
| Water | 15 - 20 | Specialist Vehicles | 10 |
| Sewerage | 15 - 20 | Other Vehicles | 5 |
| Landfill Sites | 30 | Office Equipment | 3 - 7 |
| | | Furniture and Fittings | 7 - 10 |
| Community | | Watercraft | 15 |
| Recreational Facilities | 20 - 50 | Bins and Containers | 5 |
| Security | 5 | Specialised Plant and Equipmen | 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.

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.

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

| Intangible asset | Years |
|-------------------------|--------------|
| Software | 3 |

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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.

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 2015 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.

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Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

The table below reflects the classes of heritage assets:

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

Transitional Provisions

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

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:

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

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

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

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

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

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

6. 2 Subsequent Measurement

6. 2. 1 Subsequent Measurement - Cost Model

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

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

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

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.

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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 remaining service potential amount of the asset.

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

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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.

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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.

8. NON-CURRENT ASSETS HELD-FOR-SALE

8. 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.

8. 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.

9. 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.

9. 1 Financial Assets - Classification

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

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

Financial assets at amortised cost

Financial assets at fair value

Financial assets at cost

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

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

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

9. 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 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.

9. 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.

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.

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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.

9. 4 Impairment of Financial Assets

Financial assets 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 Receivable from Exchange and Non-exchange transactions 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 GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

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

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

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.

9. 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.

9. 6 Derecognition of Financial Liabilities

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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.

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.

11. REVENUE RECOGNITION

11. 1 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.

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11. 1. 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.

11. 1. 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.

11. 1. 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.

11. 1. 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.

11. 1. 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.

11. 1. 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.

11. 1. 7 Rentals

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

11. 2 Revenue from Non-exchange Transactions

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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.

11. 2. 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.

11. 2. 2 Fines

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

11. 2. 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.

11. 2. 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.

11. 2. 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.

12. 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

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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. Management does not expect there to be any reimbursements for any of the provisions raised.

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.

13. EMPLOYEE BENEFITS

13. 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.

13. 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.

13. 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.

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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 expense, 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.

13. 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.

14. 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.

14. 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.

14. 2 The Municipality as Lessor

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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.

14. 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.

15. 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.

16. 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.

17. 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.

18. UNAUTHORISED EXPENDITURE

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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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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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25. COMPARATIVE INFORMATION

25. 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.

25. 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.

25. 3 Budget Information

The annual budget figures for the year ending 2014/15 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.

26. 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.

27. 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.

28. 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.

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- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 Sarah Baartman 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 to 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

| | 2015 | 2014 |
|--------------------------|------------------|------------------|
| Consumable Stores | 4,728,200 | 3,680,807 |
| Water | 150,822 | 121,408 |
| Total Inventories | 4,879,022 | 3,802,215 |

The amount of inventories recognised as expenses for the year amounted to R4 131 387 (2014: R2 326 375)

The cost of water production for the year amounted to R5,59 per kl (2014: R4,11 per kl).

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

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | | |
|---|-------------------|-------------------|
| Service Debtors: | 53 535,626 | 44,144,711 |
| Electricity | 11,904,958 | 11,044,955 |
| Refuse | 5,389,905 | 4,158,691 |
| Sewerage | 12,341,396 | 9,127,599 |
| Water | 23,899,367 | 19,813,467 |
| Other Receivables | 5,078,577 | 5,643,208 |
| Housing | 2,259,874 | 2,414,343 |
| Meter Readings not Billed | 2,047,615 | 2,245,767 |
| Other Debtors | 771,088 | 983,098 |
| Add: Credit debtors balances | 1,087,275 | - |
| Less: Provision for Impairment | (40,977,674) | (25,021,705) |
| Total Receivables from Exchange Transactions | 18,723,804 | 24,766,214 |

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.

Other Debtors consists of attorney handovers, attorney payments and a guarantee.

Receivables from Exchange Transactions are billed monthly. 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.

At 30 June 2015, the municipality is owed R9 201 400 (30 June 2014: R14 841 103) by National and Provincial Government.

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

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

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

IGRAP 1 Applying the Probability Test on the initial Recognition of Revenue has been adopted in Annual Financial Statements in relation to indigent debtors which amounts to R15 977 173 (2013/14: R875 047) or 29.8% (2013/14: 2%) of total gross service debtors. The entire population of indigent debtors were provided for in the impairment provision.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2015

| | Current | Past Due | | | Total |
|--------------------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| All Receivables: | | | | | |
| Gross Balances | 18,507,458 | 4,179,103 | 3,582,089 | 33,432,828 | 59,701,479 |
| Less: Provision for Impairment | 12,703,079 | 2,868,437 | 2,458,660 | 22,947,497 | 40,977,674 |
| Net Balances | 5,804,379 | 1,310,667 | 1,123,428 | 10,485,330 | 18,723,805 |

As at 30 June 2014 Receivables of R12,919,426 were past due but not impaired. The age analysis of these Receivables are as follows:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

3.1 Ageing of Receivables from Exchange Transactions (continued)

| | Past Due | | | Total |
|--------------------------------|------------------|------------------|-------------------|-------------------|
| | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| All Receivables: | | | | |
| Gross Balances | 4,179,103 | 3,582,089 | 33,432,828 | 41,194,021 |
| Less: Provision for Impairment | 2,868,437 | 2,458,660 | 22,947,497 | 28,274,595 |
| Net Balances | 1,310,667 | 1,123,428 | 10,485,330 | 12,919,426 |

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

3.1 Ageing of Receivables from Exchange Transactions (continued)

As at 30 June 2014

| | Current | Past Due | | | Total |
|--------------------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| All Receivables: | | | | | |
| Gross Balances | 15,158,292 | 3,513,151 | 3,011,272 | 28,105,206 | 49,787,920 |
| Less: Provision for Impairment | 7,756,729 | 1,751,519 | 1,501,302 | 14,012,155 | 25,021,705 |
| Net Balances | 7,401,563 | 1,761,631 | 1,509,970 | 14,093,051 | 24,766,215 |

As at 30 June Receivables of R17 364 652 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 | |
| All Receivables: | | | | |
| Gross Balances | 3,513,151 | 3,011,272 | 28,105,206 | 34,629,628 |
| Less: Provision for Impairment | 1,751,519 | 1,501,302 | 14,012,155 | 17,264,976 |
| Net Balances | 1,761,631 | 1,509,970 | 14,093,051 | 17,364,652 |

3.2 Reconciliation of the Provision for Impairment

| | 2015 R | 2014 R |
|--------------------------------------|-------------------|-------------------|
| Balance at beginning of year | 25,021,705 | 20,978,684 |
| Impairment Losses recognised | 19,167,663 | 4,043,021 |
| Amounts written off as uncollectable | (3,211,694) | - |
| Balance at end of year | 40,977,674 | 25,021,705 |

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

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

3.3 Ageing of Impaired Receivables from Exchange Transactions

| | | |
|------------------|-------------------|-------------------|
| Current: | | |
| 0 - 30 Days | 12,703,079 | 7,756,729 |
| Past Due: | | |
| 31 - 60 Days | 2,868,437 | 1,751,519 |
| 61 - 90 Days | 2,458,660 | 1,501,302 |
| + 90 Days | 22,947,497 | 14,012,155 |
| Total | 40,977,674 | 25,021,705 |

3.4 Derecognition of Financial Assets

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

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | Gross Balances R | Provision for Impairment R | Net Balances R |
|---|------------------------|----------------------------------|----------------------|
| As at 30 June 2015 | | | |
| Assessment Rates Debtors | 12,792,568 | (8,243,737) | 4,548,831 |
| Payments made in Advance | 603,217 | - | 603,217 |
| Accruals | - | - | - |
| Sundry Deposits | 100,000 | - | 100,000 |
| Sundry Debtors | 2,184,032 | (218,680) | 1,965,352 |
| Add: Credit debtors balances | 553,089 | - | 553,089 |
| Total Receivables from Non-exchange Transactions | 16,232,906 | (8,462,417) | 7,770,489 |

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Continued)

| | Gross Balances R | Provision for Impairment R | Net Balances R |
|---|------------------------|----------------------------------|----------------------|
| As at 30 June 2014 | | | |
| Assessment Rates Debtors | 11,484,940 | (10,468,267) | 1,016,673 |
| Payments made in Advance | 603,217 | - | 603,217 |
| Sundry Deposits | 100,000 | - | 100,000 |
| Sundry Debtors | 1,608,474 | (315,180) | 1,293,294 |
| Total Receivables from Non-exchange Transactions | 13,796,631 | (10,783,447) | 3,013,184 |

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

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

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

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

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

IGRAP 1 Applying the Probability Test on the initial Recognition of Revenue has been adopted in Annual Financial Statements in relation to indigent debtors which amounts to R2 819 501 (2013/14: R40 274) or 17.4% (2013/14: 0.3%) of total gross assessment rates debtors. The entire population of indigent debtors were provided for in the impairment provision.

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2015

| | Current | Past Due | | | Total |
|----------------------------------|----------------|----------------|----------------|------------------|------------------|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| Assessment Rates: | | | | | |
| Gross Balances | 1,171,551 | 558,945 | 531,353 | 10,530,719 | 12,792,568 |
| Less: Provision for Impairment | -754,966 | -360,193 | -342,412 | -6,786,165 | (8,243,737) |
| Net Balances | 416,585 | 198,752 | 188,941 | 3,744,554 | 4,548,831 |
| Payments made in Advance: | | | | | |
| Gross Balances | 603,217 | - | - | - | 603,217 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 603,217 | - | - | - | 603,217 |
| Sundry Deposits: | | | | | |
| Gross Balances | 100,000 | - | - | - | 100,000 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 100,000 | - | - | - | 100,000 |
| Sundry Debtors: | | | | | |
| Gross Balances | 2,184,032 | - | - | - | 2,184,032 |
| Less: Provision for Impairment | (218,680) | - | - | - | (218,680) |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | | | | |
|---------------------|-----------|---|---|---|-----------|
| Net Balances | 1,965,352 | - | - | - | 1,965,352 |
|---------------------|-----------|---|---|---|-----------|

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Continued)

4.1 Ageing of Receivables from Non-exchange Transactions (Continued)

As at 30 June 2014 Receivables of R4,132,247 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 | |
| All Receivables: | | | | |
| Gross Balances | 558,945 | 531,353 | 10,530,720 | 11,621,017 |
| Less: Provision for Impairment | (360,193) | (342,412) | (6,786,165) | (7,488,771) |
| Net Balances | 198,752 | 188,941 | 3,744,554 | 4,132,247 |

As at 30 June 2014

| | Current | Past Due | | | Total |
|--------------------------------|----------------|---------------|---------------|----------------|------------------|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| Assessment Rates: | | | | | |
| Gross Balances | 1,084,554 | 517,439 | 491,896 | 9,391,051 | 11,484,940 |
| Less: Provision for Impairment | (958,690) | (457,389) | (434,811) | (8,617,377) | (10,468,266) |
| Net Balances | 125,864 | 60,050 | 57,085 | 773,674 | 1,016,674 |

Payments made in Advance:

| | | | | | |
|--------------------------------|----------------|----------|----------|----------|----------------|
| Gross Balances | 603,217 | - | - | - | 603,217 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 603,217 | - | - | - | 603,217 |

Sundry Deposits:

| | | | | | |
|--------------------------------|----------------|----------|----------|----------|----------------|
| Gross Balances | 100,000 | - | - | - | 100,000 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 100,000 | - | - | - | 100,000 |

Sundry Debtors:

| | | | | | |
|--------------------------------|------------------|----------|----------|----------|------------------|
| Gross Balances | 1,608,474 | - | - | - | 1,608,474 |
| Less: Provision for Impairment | (315,180) | - | - | - | (315,180) |
| Net Balances | 1,293,294 | - | - | - | 1,293,294 |

As at 30 June 2014 Receivables of R890 810 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 | |
| All Receivables: | | | | |
| Gross Balances | 517,439 | 491,896 | 9,391,051 | 10,400,386 |
| Less: Provision for Impairment | (457,389) | (434,811) | (8,617,377) | (9,509,576) |
| Net Balances | 60,050 | 57,085 | 773,674 | 890,810 |

4.2 Reconciliation of Provision for Impairment

| | | |
|-------------------------------|------------------|-------------------|
| Balance at beginning of year | 10,783,447 | 7,790,400 |
| Impairment Losses recognised | (2,321,030) | 2,993,047 |
| Balance at end of year | 8,462,417 | 10,783,447 |

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.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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. NON-CURRENT ASSETS HELD-FOR-SALE

| | | |
|---|------------------|------------------|
| Property Held-for-Sale - at cost | 1,920,922 | 2,060,922 |
| Total Non-current Assets Held-for-Sale | 1,920,922 | 2,060,922 |

Property Held-for-Sale

The municipality intends to dispose of some of its undeveloped Land. The sale of the land is busy being concluded and will be completed within the next twelve months. No impairment loss was recognised on reclassification of the property as held-for-sale.

6. CASH AND CASH EQUIVALENTS

| | | |
|--|-------------------|-------------------|
| Current Investments | 21,597,298 | 29,658,401 |
| Bank Accounts | (219,770) | (1,842,499) |
| Cash on hand | 2,000 | 2,140 |
| Total Bank, Cash and Cash Equivalents | 21,379,528 | 27,818,042 |

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.

6.1 Current Investment Deposits

| | | |
|--|-------------------|-------------------|
| Call Deposits | 21,597,298 | 29,658,401 |
| Total Current Investment Deposits | 21,597,298 | 29,658,401 |

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4,60 % to 6,77 % (2014: 4,00% to 5,30%) per annum.

| | | |
|---|-------------------|-------------------|
| Deposits attributable to Unspent Conditional Grants | 4,637,301 | 9,461,624 |
| Deposits attributable to Capital Replacement Reserve | 5,000,000 | 5,000,000 |
| Deposits attributable to Payables from Exchange Transactions | 4,155,017 | 3,358,778 |
| Deposits attributable to Current Provisions | 3,608,656 | 8,456,635 |
| Deposits attributable to Consumer Deposits | 2,133,554 | 1,881,244 |
| Deposits attributable to Payables from Non-Exchange Transactions | 3,069,575 | 4,035,858 |
| Total Deposits attributable to Commitments of the Municipality | 22,604,103 | 32,194,138 |

6.2 Bank Accounts

| | | |
|----------------------------|-------------------|-------------------|
| Cash in Bank | (219,770) | (1,842,499) |
| Current Investments | 21,597,298 | 29,658,401 |
| Total Bank Accounts | 21,377,528 | 27,815,902 |

The Municipality has the following bank accounts:

Primary Bank Account

First National Bank - Vote Number 629929709200

| | | |
|--|-------------|-------------|
| Cash book balance at beginning of year | (1,842,499) | 6,285,155 |
| Cash book balance at end of year | (219,770) | (1,842,499) |

| | | |
|---|-----------|-----------|
| Bank statement balance at beginning of year | 2,238,225 | - |
| Bank statement balance at end of year | 406,443 | 2,238,225 |

ABSA -Aberdeen - Account Number 4053048940

| | | |
|---|-----------|--------|
| Bank statement balance at beginning of year | 23,587 | 24,987 |
| Bank statement balance at end of year | 2,899,758 | 23,587 |

Interest on overdrawn current accounts are charged at the banker's prime rate plus two percent per annum.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6. CASH AND CASH EQUIVALENTS (Continued)

6.2 Bank Accounts (Continued)

Current Investments

ABSA - Account Number 9257114251

| | | |
|---|----------------|---------------|
| Bank statement balance at beginning of year | 39,337 | 966,805 |
| Bank statement balance at end of year | <u>820,886</u> | <u>39,337</u> |

ABSA - Account Number 9071870653

| | | |
|---|----------|----------------|
| Bank statement balance at beginning of year | 459,609 | 438,619 |
| Bank statement balance at end of year | <u>-</u> | <u>459,609</u> |

ABSA - Account Number 9293816776

| | | |
|---|----------|---------------|
| Bank statement balance at beginning of year | 24,215 | 5,000,000 |
| Bank statement balance at end of year | <u>-</u> | <u>24,215</u> |

ABSA - Account Number 9293160909

| | | |
|---|-----------|------------------|
| Bank statement balance at beginning of year | 5,058,247 | 5,000,000 |
| Bank statement balance at end of year | <u>-</u> | <u>5,058,247</u> |

Nedbank - Account Number 7881105836

| | | |
|---|----------|------------|
| Bank statement balance at beginning of year | - | 13,000,000 |
| Bank statement balance at end of year | <u>-</u> | <u>-</u> |

FNB - Account Number 62374218503

| | | |
|---|----------------|------------------|
| Bank statement balance at beginning of year | 3,851,154 | 560,717 |
| Bank statement balance at end of year | <u>135,631</u> | <u>3,851,154</u> |

FNB - Account Number 74374220066

| | | |
|---|-------------------|----------------|
| Bank statement balance at beginning of year | 146,513 | 9,300,895 |
| Bank statement balance at end of year | <u>10,447,524</u> | <u>146,513</u> |

FNB - Account Number 74463211025

| | | |
|---|----------|-----------|
| Bank statement balance at beginning of year | - | 8,000,000 |
| Bank statement balance at end of year | <u>-</u> | <u>-</u> |

Investec - Account Number 50004131452

| | | |
|---|----------|------------|
| Bank statement balance at beginning of year | - | 21,214,107 |
| Bank statement balance at end of year | <u>-</u> | <u>-</u> |

Investec - Account Number 50006008687

| | | |
|---|--------------|---------------|
| Bank statement balance at beginning of year | 52,586 | 1,445,593 |
| Bank statement balance at end of year | <u>2,938</u> | <u>52,586</u> |

Nedbank - Account Number 1766000029

| | | |
|---|------------|-------------------|
| Bank statement balance at beginning of year | 20,026,740 | 20,000,000 |
| Bank statement balance at end of year | <u>-</u> | <u>20,026,740</u> |

Standard Bank - Fixed Deposit 288540867-005

| | | |
|---|-------------------|----------|
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | <u>10,190,319</u> | <u>-</u> |

Total current investments

| | | |
|---|-------------------|-------------------|
| Bank statement balance at beginning of year | 29,658,400 | 84,926,736 |
| Bank statement balance at end of year | <u>21,597,298</u> | <u>29,658,401</u> |

6.3 Cash on hand

| | | |
|--|--------------|--------------|
| Cash Floats and Advances | 2,000 | 2,140 |
| Total Cash on hand in Cash Floats, Advances and Equivalents | <u>2,000</u> | <u>2,140</u> |

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

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

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7. PROPERTY, PLANT AND EQUIPMENT

30 June 2015

Reconciliation of Carrying Value

| Description | Land | Buildings | Infra-structure | Community | Other | Total |
|---|------------|--------------|-----------------|--------------|--------------|---------------|
| | R | R | R | R | R | R |
| Carrying values at 01 July 2014 | 97 546 780 | 4 457 945 | 534 907 920 | 3 917 030 | 18 226 645 | 659 056 321 |
| Cost | 97 546 780 | 21 476 970 | 1 243 294 791 | 18 517 265 | 40 992 746 | 1 421 828 552 |
| - Completed Assets | 97 546 780 | 21 476 970 | 1 239 588 571 | 18 517 265 | 40 992 746 | 1 418 122 332 |
| - Under Construction | - | - | 3 706 220 | - | - | 3 706 220 |
| Accumulated Depreciation: | - | (17 019 025) | (708 386 871) | (14 600 235) | (22 766 101) | (762 772 231) |
| - Cost | - | (17 019 025) | (708 386 871) | (14 600 235) | (22 766 101) | (762 772 231) |
| Acquisitions | - | 727 831 | 13 772 742 | - | 5 950 945 | 20 451 318 |
| Capital under Construction - Additions: | - | - | 10 610 860 | - | - | 10 610 860 |
| Depreciation: | - | (323 598) | (35 827 604) | (325 339) | (4 473 396) | (40 949 938) |
| - Based on Cost | - | (323 598) | (35 827 604) | (325 339) | (4 473 396) | (40 949 938) |
| Carrying value of Disposals: | - | - | - | (221 306) | - | (221 306) |
| - Cost | - | - | - | - | (1 357 546) | (1 357 546) |
| - Accumulated Depreciation | - | - | - | - | 1 136 240 | 1 136 240 |
| Capital under Construction - Completed | - | - | (1 452 008) | - | - | (1 452 008) |
| Carrying values at 30 June 2015 | 97 546 780 | 4 861 978 | 522 011 910 | 3 591 692 | 19 482 889 | 647 495 249 |
| Cost | 97 546 780 | 22 204 601 | 1 266 226 385 | 18 517 265 | 45 586 146 | 1 450 081 177 |
| - Completed Assets | 97 546 780 | 22 204 601 | 1 255 615 525 | 18 517 265 | 45 586 146 | 1 439 470 317 |
| - Under Construction | - | - | 10 610 860 | - | - | 10 610 860 |
| Accumulated Depreciation: | - | (17 342 623) | (744 214 475) | (14 925 573) | (26 103 257) | -802 585 928 |
| - Cost | - | (17 342 623) | (744 214 475) | (14 925 573) | (26 103 257) | -802 585 928 |

30 June 2014

Reconciliation of Carrying Value

| Description | Land | Buildings | Infra-structure | Community | Other | Total |
|---|-------------|--------------|-----------------|--------------|--------------|---------------|
| | R | R | R | R | R | R |
| Carrying values at 01 July 2013 | 98 993 280 | 4 781 544 | 533 097 287 | 4 301 081 | 21 664 521 | 662 857 713 |
| Cost | 98 993 280 | 21 476 970 | 1 206 715 900 | 18 517 265 | 40 710 190 | 1 386 413 605 |
| - Completed Assets | 98 993 280 | 21 476 970 | 1 204 328 821 | 18 517 265 | 40 710 190 | 1 390 078 518 |
| - Under Construction | - | - | 2 387 079 | - | - | (482 204) |
| Accumulated Depreciation: | - | (16 695 426) | (673 618 613) | (14 216 184) | (19 025 669) | (723 555 892) |
| - Cost | - | (16 695 426) | (673 618 613) | (14 216 184) | (19 025 669) | (723 555 892) |
| Acquisitions | - | - | 36 952 012 | - | 677 148 | 37 629 160 |
| Capital under Construction - Additions: | - | - | 3 706 220 | - | - | 3 706 220 |
| Depreciation: | - | (323 598) | (34 768 258) | (384 051) | (3 988 679) | (39 464 586) |
| - Based on Cost | - | (323 598) | (34 768 258) | (384 051) | (3 988 679) | (39 464 586) |
| Carrying value of Disposals: | - | - | - | - | (146 345) | (146 345) |
| - Cost | - | - | - | - | (394 592) | (394 592) |
| - Accumulated Depreciation | - | - | - | - | 248 247 | 248 247 |
| - Based on Cost | - | - | - | - | - | - |
| Fair value adjustment to land | 586 500 | - | - | - | - | - |
| Assets transferred to current assets | (2 033 000) | - | - | - | - | - |
| Capital under Construction - Completed | - | - | (4 079 341) | - | - | (4 079 341) |
| Carrying values at 30 June 2014 | 97 546 780 | 4 457 945 | 534 907 920 | 3 917 030 | 18 226 645 | 659 056 321 |
| Cost | 97 546 780 | 21 476 970 | 1 243 294 791 | 18 517 265 | 40 992 746 | 1 421 828 552 |
| - Completed Assets | 97 546 780 | 21 476 970 | 1 239 588 571 | 18 517 265 | 40 992 746 | 1 418 122 332 |
| - Under Construction | - | - | 3 706 220 | - | - | 3 706 220 |
| Accumulated Depreciation: | - | (17 019 025) | (708 386 871) | (14 600 235) | (22 766 101) | (762 772 231) |
| - Cost | - | (17 019 025) | (708 386 871) | (14 600 235) | (22 766 101) | (762 772 231) |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|------------------------------|----------------|
| 7. PROPERTY, PLANT AND EQUIPMENT (Continued) | | |
| The prior year Property, Plant and Equipment balances have been restated. Refer to Note 36 on "Correction of error changes in accounting policies and reclassifications" 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 | <u>17 159</u> | <u>31 669</u> |
| The movement in Intangible Assets is reconciled as follows | | |
| | Computer Software | Total |
| Carrying values at 01 July 2013 | 39 484 | 39 484 |
| Cost | 44 899 | 44 899 |
| Accumulated Amortisation | -5 415 | -5 415 |
| Acquisitions | 1 995 | 1 995 |
| - Purchased | 1 995 | 1 995 |
| Amortisation | -9 811 | -9 811 |
| - Based on Cost | -9 811 | -9 811 |
| Carrying values at 30 June 2014 | 31 669 | 31 669 |
| Cost | 46 894 | 46 894 |
| Accumulated Amortisation | -15 226 | -15 226 |
| Acquisitions | - | - |
| - Purchased | - | - |
| Amortisation | -14 510 | -14 510 |
| - Based on Cost | -14 510 | -14 510 |
| Carrying values at 30 June 2015 | 17 159 | 17 159 |
| Cost | 46 894 | 46 894 |
| Accumulated Amortisation | -29 736 | -29 736 |
| 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 "A" for more detail on Intangible Assets. | | |
| No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date. | | |
| 9. INVESTMENT PROPERTY | | |
| At Cost less Accumulated Depreciation | <u>187 964</u> | <u>199 756</u> |
| The movement in Investment Property is reconciled as follows | | |
| Carrying values at 1 July | 199 754 | 211 514 |
| Cost | 458 500 | 458 500 |
| Accumulated Depreciation | -258 746 | -246 986 |
| Acquisitions during the Year | - | - |
| Depreciation during the Year | -11 760 | -11 760 |
| Carrying values at 30 June | 187 964 | 199 754 |
| Cost | 458 500 | 458 500 |
| Accumulated Depreciation | -270 536 | -258 746 |
| Revenue disclosed in the Statement of Financial Performance include the following | | |
| Rental Revenue earned from Investment Property | 157 538 | 40 892 |
| 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 "A" for more detail on Investment Property. | | |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R 2014
R

9. INVESTMENT PROPERTY (CONTINUED)

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

All Cost less Accumulated Impairment Losses

2 370 000 2 370 000

The movement in Heritage Assets is reconciled as follows

| | Buildings of cultural significance | Museum |
|---------------------------------|--|-----------|
| Carrying values at 30 June 2014 | 1 311 800 | 1 058 200 |
| Cost | 1 311 800 | 1 058 200 |
| Accumulated Impairment | - | - |
| Carrying values at 30 June 2015 | 1 311 800 | 1 058 200 |
| Cost | 1 311 800 | 1 058 200 |
| Accumulated Impairment | - | - |
| | 1 311 800 | 1 058 200 |

The Municipality has elected to make use of the transitional provisions as set out in Deactive 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.

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 "A" for more detail on Heritage Assets.

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 the valuation. The Municipality was not able to estimate a value at 30 June 2015. |

10.1 Significant Heritage Assets not measured (continued)

| Class of Heritage Asset | Description | Reason for no measurement |
|--|---|---|
| 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 2015. |
| 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 2015. |

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.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 | 2014 |
|--------------------------------|-------------------------|-------------------------|
| | R | R |
| 11. CONSUMER DEPOSITS | 2015 | 2014 |
| | R | R |
| Electricity and Water | 2 133 554 | 1 881 244 |
| Total Consumer Deposits | <u>2 133 554</u> | <u>1 881 244</u> |

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximates their fair values. The amortised cost of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

12. PROVISIONS

| | | |
|---|-------------------------|-------------------------|
| Bonuses | 2 051 456 | 1 781 778 |
| Salaries and wages wage curve provision | - | - |
| Total Provisions | <u>2 051 456</u> | <u>1 781 778</u> |

Performance Bonuses accrue to senior managers on an annual basis subject to certain conditions. Listed below are the criteria against which senior managers are evaluated

- KPA 1 - Organisational Transformation and Institutional Development
- KPA 2 - Service Delivery and Infrastructure Planning
- KPA 3 - Local Economic Development
- KPA 4 - Financial Viability
- KPA 5 - Good Governance and Public Participation
- KPA 6 - Spatial Development Rationale

Salaries and wages provision accrues to all eligible employees in terms of the wage curve agreement. This agreement has been challenged in the Labour Appeals Court and has now been taken to the Constitutional Court. The provision raised in the prior year has been reversed in the current year due to there being uncertainty relating to there being a past event.

The movement in provisions are reconciled as follows

Current Provisions:

Performance Bonuses:

| | | |
|-------------------------------|-----------------------|-----------------------|
| Balance at beginning of year | 102 289 | 629 615 |
| Contributions to provision | 210 052 | -527 317 |
| Expenditure incurred | -210 052 | - |
| Balance at end of year | <u>102 289</u> | <u>102 298</u> |

Staff Bonuses:

| | | |
|-------------------------------|-------------------------|-------------------------|
| Balance at beginning of year | 1 679 479 | 1 490 171 |
| Contributions to provision | 269 678 | 189 308 |
| Expenditure incurred | - | - |
| Balance at end of year | <u>1 949 157</u> | <u>1 679 479</u> |

13. PAYABLES FROM EXCHANGE TRANSACTIONS

| | | |
|-------------------------|--------------------------|-------------------------|
| Trade Creditors | 14 415 760 | 2 684 696 |
| Accruals | 78 231 | 653 950 |
| Retentions | 37 932 | 37 932 |
| Other Creditors | 5 048 295 | 115 714 |
| Staff Leave Accrued | 4 247 397 | 3 296 544 |
| Credit debtors balances | 1 087 275 | - |
| Total Payables | <u>24 914 890</u> | <u>6 788 836</u> |

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 35.1 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.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R 2014
R

13. PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

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

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

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

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

14. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

| | | |
|-------------------------|------------------|----------------|
| Sundry Deposits | 1 604 744 | - |
| Other Creditors | 358 653 | 739 314 |
| Credit debtors balances | 553 089 | - |
| Total Payables | 2 516 486 | 739 314 |

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 35.2 on "Comparative Information" for details of the restatement.

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.

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

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

Other debtors consists of amounts received in advance as well as funding received for the Satellite Aquaculture Project.

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

| | | |
|---|------------------|------------------|
| Conditional Grants from Government | 4 637 301 | 9 461 624 |
| Local Government Grants | 4 637 301 | 9 461 624 |
| Total Unspent Conditional Grants | 4 637 301 | 9 461 624 |

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. VAT RECEIVABLE(PAYABLE)

| | | |
|----------------|---------|------------|
| VAT Receivable | 145 829 | - |
| VAT Payable | - | -4 931 384 |

Camdeboo Municipality is registered for VAT on the payment basis.

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.

17. LONG-TERM LIABILITIES

17.1 Operating lease liabilities

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.

17.2 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.

18. EMPLOYEE BENEFIT LIABILITIES

| | | |
|--|-------------------|-------------------|
| Post-retirement Health Care Benefits Liability | 28 759 000 | 19 306 378 |
| Provision for Long Service Awards | 4 282 000 | 3 303 699 |
| | 33 041 000 | 22 610 077 |

18.1 Post-retirement Health Care Benefits Liability

| | | |
|---|-------------------|-------------------|
| Balance at beginning of Year | 20 059 198 | 20 266 000 |
| Contributions to Provision | - | 576 188 |
| Increase due to Discounting | 10 459 802 | - |
| Contribution (Benefits paid) | -852 000 | -763 000 |
| Balance at end of Year | 29 667 000 | 20 059 198 |
| Transfer to Current Provisions | -908 000 | -752 820 |
| Total Post-retirement Health Care Benefits Liability | 28 759 000 | 19 306 378 |

CAMDEBDO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|---|-----------|-----------|
| 16. EMPLOYEE BENEFIT LIABILITIES (CONTINUED) | | |
| Current Portion of Non-Current Provisions: | | |
| Balance at beginning of year | 752 820 | 783 000 |
| Transfer from non-current | 908 000 | 752 820 |
| Contribution (Benefits paid) | -752 820 | -783 000 |
| Balance at end of year | 908 000 | 752 820 |

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 2015 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

| | | |
|---|------------|------------|
| In-service Members (Employees) | 170 | 147 |
| Continuation Members (Retirees, widowers and orphans) | 26 | 26 |
| Total Members | 196 | 173 |

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

| | | |
|------------------------|-------------------|-------------------|
| In-service Members | 16 970 000 | 9 394 235 |
| Continuation Members | 12 697 000 | 10 664 963 |
| Total Liability | 29 667 000 | 20 059 198 |

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 2015 is estimated to be R655 171, whereas the cost for the ensuing year is estimated to be R1 198 000 (30 June 2014: R531 000 and R655 171 respectively).

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

| | | |
|-----------------------------------|----|----|
| Discount Rate | 9% | 9% |
| Health Care Cost Inflation Rate | 7% | 8% |
| Net Effective Discount Rate | 1% | 1% |
| Expected Retirement Age - Females | 63 | 63 |
| Expected Retirement Age - Males | 63 | 63 |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 | 2014 | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | R | R | | | |
| 18. EMPLOYEE BENEFIT LIABILITIES (Continued) | | | | | |
| 18.1 Post-retirement Health Care Benefits Liability (Continued) | | | | | |
| Movements in the present value of the Defined Benefit Obligation were as follows: | | | | | |
| Balance at the beginning of the year | 20 059 198 | 20 266 000 | | | |
| Current service costs | 655 171 | 531 000 | | | |
| Interest cost | 1 745 910 | 1 737 000 | | | |
| Benefits paid | -852 000 | -783 000 | | | |
| Actuarial losses / (gains) | 8 058 721 | -1 691 802 | | | |
| Present Value of Fund Obligation at the end of the Year | 29 667 000 | 20 059 198 | | | |
| Total Recognised Benefit Liability | 29 667 000 | 20 059 198 | | | |
| The amounts recognised in the Statement of Financial Position are as follows: | | | | | |
| Present value of fund obligations | 29 667 000 | 20 059 198 | | | |
| Unfunded Accrued Liability | 29 667 000 | 20 059 198 | | | |
| Total Benefit Liability | 29 667 000 | 20 059 198 | | | |
| The amounts recognised in the Statement of Financial Performance are as follows: | | | | | |
| Current service cost | 655 171 | 531 000 | | | |
| Interest cost | 1 745 910 | 1 737 000 | | | |
| Actuarial losses / (gains) | 8 058 721 | -1 691 802 | | | |
| Total Post-retirement Benefit included in Employee Related Costs (Note 27) | 10 459 802 | 576 198 | | | |
| The history of experienced adjustments is as follows: | | | | | |
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| | R | R | R | R | R |
| Present Value of Defined Benefit Obligation | 29 667 000 | 20 059 198 | 20 266 000 | 18 285 863 | 17 370 090 |
| Deficit | 29 667 000 | 20 059 198 | 20 266 000 | 18 285 863 | 17 370 090 |
| Experienced adjustments on Plan Liabilities | 9 750 523 | -1 786 000 | -1 526 436 | -1 398 000 | 322 000 |
| In accordance with the transitional provisions for the amendments to GRAP 25 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period. | | | | | |
| The effect of a 1% movement in the assumed rate of health care cost inflation is as follows | | | | | |
| Increase: | | | | | |
| Effect on the aggregate of the current service cost and the interest cost | | | | | 795 000 |
| Effect on the defined benefit obligation | | | | | 5 066 000 |
| Decrease: | | | | | |
| Effect on the aggregate of the current service cost and the interest cost | | | | | -825 000 |
| Effect on the defined benefit obligation | | | | | -4 090 000 |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|-----------|-----------|
| 18. EMPLOYEE BENEFIT LIABILITIES (Continued) | | |
| 18.2 Provision for Long Service Awards | | |
| Balance at beginning of year | 3 888 885 | 3 868 000 |
| Contributions to provision | 1 469 115 | 677 885 |
| Contribution (Benefits paid) | -584 000 | -657 000 |
| | 4 774 000 | 3 888 885 |
| Transfer to current provisions | -492 000 | -585 186 |
| Balance at end of year | 4 282 000 | 3 303 699 |
| Current Portion of Provision for Long Service Awards: | | |
| Balance at beginning of year | 585 186 | 657 000 |
| Transfer from non-current | 492 000 | 585 186 |
| Contribution (Benefits paid) | -585 186 | -657 000 |
| Balance at end of year | 492 000 | 585 186 |

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 2014 by Mr C Weas, 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 30 June 2014, 328 (2014: 317) employees were eligible for Long-service Awards.

The Current-service cost for the year ending 30 June 2014 is estimated to be R419 000, whereas the cost for the ensuing year is estimated to be R390,164 (30 June 2013: R345,601 and R419,000 respectively).

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

| | | |
|-----------------------------------|----|----|
| Discount Rate | 8% | 8% |
| Cost Inflation Rate | 7% | 7% |
| Net Effective Discount Rate | 1% | 1% |
| Expected Retirement Age - Females | 63 | 63 |
| Expected Retirement Age - Males | 63 | 63 |

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

| | | |
|--|-----------|-----------|
| Balance at the beginning of the year | 3 888 885 | 3 868 000 |
| Current service costs | 390 164 | 419 000 |
| Interest cost | 285 864 | 333 000 |
| Benefits paid | -562 990 | -657 000 |
| Actuarial losses / (gains) | 772 077 | -74 115 |
| Present Value of Fund Obligation at the end of the Year | 4 774 000 | 3 888 885 |
| Total Recognised Benefit Liability | 4 774 000 | 3 888 885 |
| The amounts recognised in the Statement of Financial Position are as follows: | | |
| Present value of fund obligations | 4 774 000 | 3 888 885 |
| Unfunded Accrued Liability | 4 774 000 | 3 888 885 |
| Total Benefit Liability | 4 774 000 | 3 888 885 |
| The amounts recognised in the Statement of Financial Performance are as follows: | | |
| Current service cost | 390 164 | 419 000 |
| Interest cost | 285 864 | 333 000 |
| Actuarial losses / (gains) | 772 077 | -74 115 |
| Total Post-retirement Benefit included in Employee Related Costs (Note 27) | 1 448 105 | 677 885 |

The history of experienced adjustments is as follows:

| | 2015 R | 2014 R | 2013 R | 2012 R | 2011 R |
|---|-----------|-----------|-----------|-----------|-----------|
| Present Value of Defined Benefit Obligation | 4 774 000 | 3 888 885 | 3 868 000 | 2 819 152 | 2 649 111 |
| Deficit | 4 774 000 | 3 888 885 | 3 868 000 | 2 819 152 | 2 649 111 |
| Experienced adjustments on Plan Liabilities | 846 192 | 68 797 | - | 118 317 | 95 249 |

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

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|-----------|-----------|
| 18. EMPLOYEE BENEFIT LIABILITIES (Continued) | | |
| <i>18.2 Provision for Long Service Awards (continued)</i> | | |
| Increase: | | |
| Effect on the aggregate of the current service cost and the interest cost | | 82 000 |
| Effect on the defined benefit obligation | | 335 000 |
| Decrease: | | |
| Effect on the aggregate of the current service cost and the interest cost | | -73 000 |
| Effect on the defined benefit obligation | | -303 000 |
| The municipality expects to make a contribution of R57 000 (2014: R214 345) to the defined benefit plans during the next financial year. | | |

19. PROVISIONS FOR REHABILITATION OF LAND-FILL SITES

| | | |
|---|------------|------------|
| Provision for Rehabilitation of Land-fill Sites | 6 744 201 | 5 774 584 |
| The movement in Non-current Provisions are reconciled as follows: | | |
| Balance at beginning of year | 5 774 584 | 243 887 |
| Contributions to provision | 2 510 935 | 5 530 697 |
| Increase due to discounting | - | - |
| Expenditure incurred | -1 549 318 | - |
| Balance at end of year | 6 744 200 | 5 774 584 |
| Transfer to current provisions | -157 200 | -1 549 319 |
| Balance at end of year | 6 587 000 | 4 225 265 |

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation costs of R nil (2014: R4 225 265) 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.

A contract is in place with a service provider for the rehabilitation of the Land-fill Site. In terms of the contract the service needs to be rendered and completed within 18 weeks after the service provider commences with the work.

The uncertainties and assumptions attached to this provision are listed as follows

The landfill closure designs are based on current day legislation (Minimum Requirements for Waste Disposal by Landfill, Second Edition, 1998) and current permits. Should the Minister require for the sites to be relicensed or brought in line with new legislation, the closure requirements may be affected which may in turn affect the costing analysis.

It is assumed that clean sand and clay is available locally (nearby/alongside/within) to the site and no importation (long-distance haulage) of materials is required. Material on or close to site is sufficient for closure.

It is assumed that the general public have not requested a specific final shape or endorse for the landfill sites.

The estimate does not take into account post closure monitoring or maintenance costs as this is an item for the Municipality's OPEX budget.

It is assumed that there are no special influences that may affect the cap design.

It is assumed that existing ground water monitoring boreholes are in working order.

It is noted that no building infrastructure is required as part of the closure.

A construction period of 3.5, 4 and 6 months for the Nieu-Bethesda, Aberdeen and Graaf-Reinet sites respectively has been assumed. These construction periods are educated assumptions and are based on previous and current projects of a similar size.

20. 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 | 5 537 484 | 5 509 731 |
| Accumulated Surplus / (Deficit) due to the results of operations | 618 913 628 | 657 279 521 |
| Total Accumulated Surplus | 627 451 112 | 667 789 252 |

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.

Restatement of Receivables from Non-Exchange transactions
Restatement of Property, Plant and Equipment
Restatement of Depreciation Charges
Restatement of Receivables from Non-Exchange transactions

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

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Donations and Public Contributions Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.

The Government Grants Reserve equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

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.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 | | 2014 | |
|-----------------------------|----------------------|----------------------------------|----------------------------|-------------------|
| | R | | R | |
| 21. PROPERTY RATES | | | | |
| | July 2015 | Property Valuations July 2014 | Actual Levies July 2015 | July 2014 |
| | R | R | R | R |
| Residential | 1 238 199 200 | 1 198 225 763 | 6 225 796 | 5 647 852 |
| Commercial | 455 694 000 | 406 348 637 | 5 509 269 | 4 498 194 |
| Agricultural | 2 031 383 000 | 1 563 852 949 | 2 537 689 | 1 889 093 |
| State | 462 225 800 | 432 475 000 | 5 620 668 | 4 951 072 |
| Municipal | 198 216 700 | 176 542 700 | - | - |
| Exempted Properties | 140 613 400 | 120 452 100 | - | - |
| Multiple | 17 222 300 | 11 268 600 | 209 714 | 116 534 |
| Total Property Rates | 4 543 554 400 | 3 909 165 748 | 20 103 133 | 17 102 745 |

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. 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.

22. GOVERNMENT GRANTS AND SUBSIDIES

| | | |
|---|-------------------|-------------------|
| National Equitable Share | 40 950 000 | 39 006 000 |
| Provincial Health Subsidies | 615 094 | 1 056 562 |
| Local Economic Development Office | - | 229 275 |
| Department of environmental affairs | 2 000 000 | - |
| Library Grant | 1 557 000 | 1 557 000 |
| Cacadu District Municipality Grant | 375 000 | 375 000 |
| SETA Training Grant | 110 427 | 125 769 |
| Khoi San | - | 30 000 |
| Operational Grants | 45 807 521 | 42 379 606 |
| Conditional Grants | 27 592 747 | 15 972 611 |
| National Government: FINANCE MANAGEMENT GRANT | 1 963 741 | 1 400 600 |
| National Government: MIG | 18 125 000 | 10 814 297 |
| National Government: MSIG | 1 011 442 | 864 881 |
| National Government: INEP | 5 305 616 | - |
| National Government: EPWP | 1 000 000 | 1 000 000 |
| National Government: Water Affairs | 186 948 | 1 872 833 |
| Other Government: Fonteinbos | - | - |
| Other Government: National Lottery Fund | - | - |
| Total Government Grants and Subsidies | 73 400 268 | 58 352 217 |

The conditions attached to the grants have been complied with for the year.

Operational Grants:

22.1 National: Equitable Share

| | | |
|--------------------------------------|-------------|-------------|
| Balance unspent at beginning of year | | |
| Current year receipts | 40 950 000 | 39 006 000 |
| Transferred to Revenue | -40 950 000 | -39 006 000 |
| | - | - |

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 R239.59 (2014: R184.36), 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.

22.2 Provincial: Health Subsidies

| | | |
|--|----------|------------|
| Current year receipts - included in Public Health vote | 815 094 | 1 056 562 |
| Transferred to Revenue | -815 094 | -1 056 562 |
| | - | - |

The grant has been used to fund environmental health care services (included in Appendix (D)), which services are in the process of being transferred to Provincial Government.

CAMDEBOD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|----------------|----------------|
| 22. GOVERNMENT GRANTS AND SUBSIDIES (Continued) | | |
| <i>Operational Grants: (continued)</i> | | |
| 22.3 Local Government: Local Economic Development Office | | |
| Current year receipts | - | 229 275 |
| Transferred to Revenue | - | -229 275 |
| | <u>-</u> | <u>-</u> |
| 22.4 Provincial Government: Department of environmental affairs | | |
| Current year receipts | 2 000 000 | - |
| Transferred to Revenue | -2 000 000 | - |
| | <u>-</u> | <u>-</u> |
| 22.5 Local Government: Library Grant | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 1 557 000 | 1 557 000 |
| Transferred to Revenue | -1 557 000 | -1 557 000 |
| Balance unspent at end of year | <u>-</u> | <u>-</u> |
| 22.6 Local Government: Cacadu District Municipality Grant | | |
| Current year receipts | 375 000 | 375 000 |
| Transferred to Revenue | -375 000 | -375 000 |
| | <u>-</u> | <u>-</u> |
| 22.7 Local Government: SETA Grant | | |
| Current year receipts | 110 427 | 125 769 |
| Transferred to Revenue | -110 427 | -125 769 |
| | <u>-</u> | <u>-</u> |
| 22.8 Khol San | | |
| Current year receipts | - | 30 000 |
| Transferred to Revenue | - | -30 000 |
| | <u>-</u> | <u>-</u> |
| Conditional Grants: | | |
| 22.9 Local Government: Water Affairs Grant | | |
| Balance unspent at beginning of year | 952 433 | - |
| Current year receipts | 122 505 | 2 825 266 |
| Conditions met - transferred to Revenue Operating Expenses | -64 325 | -1 872 833 |
| VAT adjustment | -122 505 | - |
| Conditions still to be met - transferred to Liabilities (see Note 15) | <u>888 108</u> | <u>852 433</u> |
| 22.10 National: FMG Grant | | |
| Balance unspent at beginning of year | - | -349 282 |
| Current year receipts | 1 800 000 | 1 750 000 |
| Conditions met - transferred to Revenue Operating Expenses | -1 337 056 | -952 833 |
| Conditions met - transferred to Revenue Capital Expenses | -444 089 | -292 867 |
| VAT adjustment | -182 714 | -155 018 |
| Other adjustment | 163 859 | - |
| Balance unspent at end of year | <u>-</u> | <u>-</u> |
| The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld. | | |
| 22.11 National: MIG Funds | | |
| Balance unspent at beginning of year | - | -7 124 703 |
| Current year receipts | 18 125 000 | 17 939 000 |
| Conditions met - transferred to Revenue Operating Expenses | -2 464 927 | -865 386 |
| Conditions met - transferred to Revenue Capital Expenses | -7 833 246 | -6 726 139 |
| VAT adjustment | -1 324 340 | -3 222 772 |
| Recovery of funds for conditions met in prior years | -6 502 487 | - |
| Balance unspent at end of year | <u>-</u> | <u>-</u> |

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

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|--------------------|-------------------|
| 22. GOVERNMENT GRANTS AND SUBSIDIES (Continued) | | |
| Conditional Grants (Continued): | | |
| 22.12 National: MSIG Funds | | |
| Balance unspent at beginning of year | - | -5 119 |
| Current year receipts | 834 000 | 890 000 |
| Conditions met - transferred to Revenue Operating Expenses | -873 244 | -834 641 |
| Conditions met - transferred to Revenue Capital Expenses | -30 525 | -25 769 |
| VAT adjustment | -7 672 | -24 471 |
| Other adjustment | 77 442 | - |
| Balance unspent at end of year | - | - |
| 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. | | |
| 22.13 National: Department of Minerals and Energy | | |
| Balance unspent at beginning of year | 4 760 000 | - |
| Current year receipts | 500 000 | 4 760 000 |
| Conditions met - transferred to Revenue Capital Expenses | -4 854 049 | - |
| VAT adjustment | -851 567 | - |
| Other Adjustments | 45 616 | - |
| Balance unspent at end of year | - | 4 760 000 |
| Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld. | | |
| 22.14 National Government: EPWP | | |
| Current year receipts | 1 000 000 | 1 000 000 |
| Conditions met - transferred to Revenue Capital Expenses | -1 000 000 | -1 000 000 |
| | - | - |
| Expenses were incurred to promote rural development. No funds have been withheld. | | |
| 22.15 Other Government: Fonteinbos | | |
| Balance unspent at beginning of year | 1 749 191 | 1 749 191 |
| Conditions still to be met - transferred to Liabilities (see Note 15) | 1 749 191 | 1 749 191 |
| | - | - |
| No funds have been withheld. | | |
| 22.16 Local Government: National Lottery Fund | | |
| Balance unspent at beginning of year | 2 000 000 | - |
| Current year receipts | - | 2 000 000 |
| Conditions still to be met - transferred to Liabilities (see Note 15) | 2 000 000 | 2 000 000 |
| | - | - |
| 22.17 Changes in Levels of Government Grants | | |
| Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2015), government grant funding is expected to increase over the forthcoming three financial years. | | |
| 23. SERVICE CHARGES | | |
| Sale of Electricity | 76 005 544 | 69 221 233 |
| Sale of Water | 15 175 273 | 14 918 750 |
| Refuse Removal | 3 691 345 | 3 435 887 |
| Sewerage and Sanitation Charges | 7 130 511 | 6 537 094 |
| Other Service Charges | 1 039 727 | 1 082 730 |
| Total Service Charges | 103 042 400 | 95 195 694 |
| 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. | | |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| 24. RENTAL OF FACILITIES AND EQUIPMENT | | |
| Rental Revenue from Amenities | 68 867 | 67 054 |
| Rental Revenue from Buildings | 74 965 | 74 965 |
| Rental Revenue from Halls | 127 409 | 160 959 |
| Rental Revenue from Land | 76 495 | 84 023 |
| Rental Revenue from Other Facilities | 232 865 | 232 080 |
| Total Rental of Facilities and Equipment | 580 601 | 619 081 |
| Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out. | | |
| 25. INTEREST EARNED | | |
| External Investments: | | |
| Bank Account | 250 444 | 191 548 |
| Investments | 2 038 861 | 2 388 594 |
| | 2 299 305 | 2 578 140 |
| Outstanding Debtors: | | |
| Long-term Debtors | - | 42 |
| Outstanding Billing Debtors | 4 658 806 | 3 928 316 |
| | 4 658 806 | 3 928 358 |
| Total Interest Earned | 6 958 111 | 6 506 498 |
| Interest Earned on Financial Assets, analysed by category of asset, is as follows: | | |
| Held-to-Maturity Investments | 2 299 305 | 2 578 140 |
| Loans and Receivables | 4 658 806 | 3 928 358 |
| | 6 958 111 | 6 506 498 |
| 26. OTHER REVENUE | | |
| Bulk Contributions | 362 724 | 265 329 |
| Insurance Claims | 508 758 | 648 175 |
| Printing, Stationery and Registration | 295 | 143 240 |
| Sundry Income | 204 005 | 132 311 |
| Tender Documents | 29 781 | 23 862 |
| Work done for private persons | 615 048 | 247 960 |
| Interdepartmental Charges | 58 861 | 63 754 |
| Total Other Revenue | 1 778 270 | 1 524 631 |
| The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 21 to 25, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. | | |
| 27. EMPLOYEE RELATED COSTS | | |
| Employee Related Costs - Salaries and Wages | 50 607 771 | 41 693 134 |
| Basic Salaries and Wages | 50 607 771 | 41 693 134 |
| Contribution to Leave Fund | - | - |
| Service Bonuses | - | - |
| Employee Related Costs - Contributions for UIF, Pensions and Medical Aids | 11 462 573 | 9 926 544 |
| Group Life | 286 257 | 396 376 |
| Medical | 2 637 921 | 2 202 363 |
| Pension | 8 045 883 | 6 942 752 |
| UIF | 452 512 | 385 053 |
| Travel, Motor Car, Accommodation, Subsistence and Other Allowances | 1 324 217 | 1 192 364 |
| Allowances | 1 324 217 | 1 192 364 |
| Housing Benefits and Allowances | 133 932 | 130 355 |
| Overtime Payments | 3 263 452 | 2 414 199 |
| Performance Bonuses | 269 678 | -87 255 |
| Defined Benefit Plan Expense | 10 776 899 | 92 991 |
| Current Service Cost | 1 045 335 | 950 000 |
| Interest Cost | 2 031 774 | 2 070 000 |
| Net Actuarial (gains)/losses recognised | 7 699 890 | -2 927 009 |
| Total Employee Related Costs | 77 638 620 | 55 382 332 |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|---|------------------|------------------|
| 27. EMPLOYEE RELATED COSTS (CONTINUED) | | |
| Remuneration of Section 57 Employees: | | |
| <i>Remuneration of the Municipal Manager</i> | | |
| Annual Remuneration | 907 175 | 529 289 |
| Performance Bonus | 64 848 | - |
| Car and Other Allowances | 201 084 | 164 461 |
| Company Contributions to UIF, Medical and Pension Funds | 13 350 | 1 085 |
| Total | 1 186 457 | 694 835 |
| Municipal Manager appointed 1 December 2013 | | |
| <i>Remuneration of the Chief Financial Officer</i> | | |
| Annual Remuneration | 868 077 | 836 221 |
| Performance Bonus | 87 121 | - |
| Car and Other Allowances | 141 048 | 195 824 |
| Company Contributions to UIF, Medical and Pension Funds | 11 153 | 1 661 |
| Total | 1 107 399 | 1 033 906 |
| <i>Remuneration of the Director: Corporate Services</i> | | |
| Annual Remuneration | - | 382 794 |
| Performance Bonus | - | - |
| Car and Other Allowances | - | 80 000 |
| Company Contributions to UIF, Medical and Pension Funds | - | 66 788 |
| Total | - | 529 582 |
| Post vacant during the financial year ended 30 June 2015 | | |
| <i>Remuneration of the Director: Technical Services</i> | | |
| Annual Remuneration | 559 027 | 379 189 |
| Performance Bonus | 58 083 | - |
| Car and Other Allowances | 141 084 | 70 021 |
| Company Contributions to UIF, Medical and Pension Funds | - | 21 065 |
| Total | 758 194 | 470 195 |
| 28. REMUNERATION OF COUNCILLORS | | |
| Mayor | 718 495 | 542 261 |
| Councillors | 2 923 370 | 2 643 523 |
| Other Allowances (Cellular Phones, Housing, Transport, etc) | 443 759 | 319 152 |
| Total Councillors' Remuneration | 4 085 624 | 3 504 936 |
| Remuneration of Councillors: | | |
| <i>In-kind Benefits</i> | | |
| 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. | | |
| Security Services were rendered at the houses of the Mayor at the expense of the municipality. | | |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|-------------------|-------------------|
| 29. DEPRECIATION AND AMORTISATION | | |
| Depreciation Property, Plant and Equipment | 40 949 938 | 39 464 586 |
| Amortisation Intangible Assets | 9 811 | 9 811 |
| Depreciation Investment Property | 11 760 | 11 760 |
| Total Depreciation and Amortisation | 40 971 509 | 39 486 158 |
| Depreciation and Amortisation have been restated to account for the change in useful lives of assets in terms of GRAP 17 Refer to Note 35.4 on "Comparative Information" for details of the restatement. | | |
| 30. IMPAIRMENT LOSSES | | |
| Impairment Losses Recognised: | 19 525 918 | 8 433 204 |
| Receivables from Exchange Transactions | 15 955 969 | 5 440 157 |
| Receivables from Non-exchange Transactions | -2 321 030 | 2 993 047 |
| Bad debts written off | 5 890 979 | - |
| Total Impairment Losses | 19 525 918 | 8 433 204 |
| 31 BULK PURCHASES | | |
| Electricity | 47 654 228 | 43 697 064 |
| Total Bulk Purchases | 47 654 228 | 43 697 064 |
| 32. CONTRACTED SERVICES | | |
| Internal Audit | 398 057 | 490 266 |
| Security Services | 2 593 531 | 1 222 125 |
| Total Contracted Services | 2 991 588 | 1 712 391 |
| 33. GRANTS AND SUBSIDIES PAID | | |
| Subsidies paid to PCA | 5 000 | 18 000 |
| Other | 18 000 | - |
| Total Grants and Subsidies | 23 000 | 18 000 |
| 34. GENERAL EXPENSES | | |
| Included in General Expenses are the following | | |
| Adverts, Printing & Stationery | 381 352 | 358 423 |
| Affiliations & Subscriptions | 751 694 | 464 280 |
| Audit Committee | 89 778 | 83 869 |
| Audit Fees - External | 4 093 268 | 3 672 263 |
| Bank Charges | 253 086 | 492 281 |
| Celebration Of National Days | 37 554 | 41 434 |
| Chemicals | 1 549 798 | 1 572 651 |
| Consumables | 118 885 | 103 502 |
| Copiers And Fax Lease Payments | 573 933 | 187 454 |
| Copiers And Fax Maintenance | 506 738 | 751 293 |
| Entertainment - Public / Visitors | 61 285 | 45 073 |
| Environmental Grant expenditure | 624 981 | 692 952 |
| FMG Operating Expenditure | 1 503 329 | 1 328 612 |
| General Expenses | 1 341 789 | 562 672 |
| Insurance - General | 983 755 | 770 313 |
| Legal Costs & Litigation | 806 864 | 223 879 |
| Levy - Seta Skills Development | 564 856 | 472 899 |
| Levy - Water Research Fund Dwaf | 160 225 | 337 987 |
| Materials, Stores & Requirement | 287 718 | 218 636 |
| MSG operating expenditure | 1 050 666 | 1 765 061 |
| Municipal Service Charges | 14 649 833 | 12 438 070 |
| Office Tea & Requirements | 107 441 | 3 738 |
| Postage | 540 700 | 510 970 |
| Prepaid Commission | 489 643 | 538 077 |
| Professional Fees | 170 542 | 98 658 |
| Provision For Landfill Sites | 2 518 935 | 5 530 697 |
| MKG operating expenditure | 915 608 | - |
| Publicity | 120 887 | 120 000 |
| LED grant expenditure | 465 529 | 633 970 |
| Stipends Ward committee | 75 202 | 431 243 |
| Spu Project | 48 063 | 34 900 |
| Stock losses | 100 516 | 604 |
| Telephones | 2 088 662 | 1 833 052 |
| Testing - Biological Samples | 212 754 | 59 415 |
| Training Courses | 222 399 | 118 464 |
| Travelling And Subsistence | 1 008 680 | 702 882 |
| Valuation Services | 483 829 | 448 183 |
| Work Done For Private Persons | 666 494 | 551 654 |
| Inter-Departmental Transfers | 4 208 873 | 3 679 917 |
| INEP operating expenditure | 45 616 | - |
| Total General Expenses | 44 851 860 | 41 676 028 |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R
2014
R

34. GENERAL EXPENSES (CONTINUED)

The amounts disclosed above for Other General Expenses 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. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

| | 10 627 810 | 11 487 052 |
|------------------------|------------|------------|
| <i>Material Losses</i> | | |
| Distribution Losses | 2 943 044 | 3 802 267 |
| Electricity Losses | 7 684 768 | 7 684 766 |
| Water Losses | | |

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.

35. COMPARATIVE INFORMATION

The comparative information has changed because of changes in useful lives of assets and errors incurred in the prior year. For the detail of each change, please refer to the note relating to errors (note 36).

The changes has been corrected retrospectively and the comparative figures have been appropriately restated.

| Account Heading/Transaction | Reason for Adjustment | Amount |
|---|-----------------------|-------------------|
| 35.1 Accumulated Surplus/Deficit | | |
| The effect of adjustments to PPE | Error | -1 617 967 |
| Double accounting of balances | Error | -2 801 425 |
| Unspent grant raised in error | Error | 7 479 105 |
| Reversing entry accounted for twice in prior year | Error | -255 043 |
| | | 3 004 670 |
| Restatement of Depreciation | Error | 295 066 |
| Restatement of General expenditure | Error | -133 513 |
| Restatement of Licences and Permits | Error | -30 832 |
| Restatement of Service Charges | Error | -403 561 |
| Restatement of Property Rates | Error | -68 182 |
| Restatement of provision for landfill sites | Error | -5 530 697 |
| | | -5 870 929 |
| Total adjustment to Accumulated Surplus Balance | | -2 866 260 |
| 35.2 Property, Plant and Equipment | | |
| Double accounting of balances | Error | -2 601 428 |
| Incorrect prior year treatment of changes in estimates | Error | -1 299 874 |
| | | -3 901 300 |
| 35.3 Receivables from Exchange Transactions | | |
| Restatement of receivables balances | Error | 399 948 |
| 35.4 Receivables from Non-exchange Transactions | | |
| Restatement of receivables balances | Error | -357 681 |
| Reversing prior year grant balances incorrectly accounted for | Error | 7 479 105 |
| | | 7 121 424 |
| 35.5 Payables from Exchange Transactions | | |
| Restatement of Creditor balances | Error | 133 514 |
| 35.6 Provision for rehabilitation of Landfill Sites | | |
| Restatement of provision for the prior year | | 5 530 697 |

36. CORRECTION OF ERROR, CHANGES IN ACCOUNTING ESTIMATES AND POLICIES and RECLASSIFICATIONS

The municipality processed corrections of errors identified in the current year 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.

36.1 Restatement of Property, Plant and Equipment

The depreciation method and estimated useful lives of specific assets fully depreciated at year end has been reviewed by management. It was noted that the estimated useful lives have been inappropriate in the prior periods. This has led to a restatement of the net book value of property, plant and equipment in the prior period.

The effect of the change in useful lives of assets is as follows:

| | Current year | Future years |
|--|--------------|--------------|
| Depreciation (before change in estimate) | 109 616 | - |
| Depreciation (after change in estimate) | 23 825 | 85 793 |
| | 85 793 | -85 793 |

It was noted that management has accounted for some asset classes twice in prior years. These related to Heritage assets, Investment property and Intangible assets.

36.2 Receivables from Exchange Transactions

Corrections were made to debtors balances for errors to their accounts in the 2013/14 financial year.

36.3 Receivables from Non-exchange Transactions

Corrections were made to debtors balances for errors to their accounts in the 2013/14 financial year.

It was also noted that an amount related to unspent grants were incorrectly taken against Receivables. The grants in question has been corrected as at year end 30 June 2014, these grants were not considered to be unspent.

36.4 Provision for Rehabilitation of Landfill Sites

The 2013/14 provision balance was understated in prior year and has been updated for the current year financial statements.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| 37. CASH GENERATED BY OPERATIONS | | |
| (Deficit) / Surplus for the Year | -40 338 140 | -16 052 012 |
| Adjustment for: | | |
| Investment income | -8 958 111 | -6 508 488 |
| Depreciation and Amortisation | 40 971 508 | 39 104 653 |
| Contributions to Impairment Provisions | 13 634 939 | - |
| Donations of Property, Plant and Equipment | -1 370 189 | - |
| Losses / (Gains) on Disposal of Property, Plant and Equipment | -519 173 | 146 345 |
| Fines Accrual | -233 200 | - |
| Contribution to Provisions - current | -1 060 447 | -4 819 810 |
| Contribution to Provisions - Non-current | 12 782 658 | 5 151 726 |
| Land transferred from PPE to Non-Current Assets held for Sale | - | 2 033 000 |
| Fair value adjustment to land | - | -586 500 |
| Operating surplus before working capital changes | <u>16 919 845</u> | <u>16 471 104</u> |
| Decrease/(Increase) in Inventories | -1 076 807 | -649 203 |
| Decrease/(Increase) in Non-Current Assets Held-for-Sale | - | -2 060 922 |
| Decrease/(Increase) in Receivables | -12 349 834 | 3 007 571 |
| Increase/(Decrease) in Creditors | 19 903 226 | -10 108 934 |
| Increase/(Decrease) in Conditional Grants Liability | -4 824 323 | 7 712 433 |
| Increase/(Decrease) in VAT Payable | -4 956 159 | 1 701 468 |
| Cash generated by / (utilised in) Operations | <u>13 815 948</u> | <u>18 073 517</u> |

38. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

38.1 Unauthorised Expenditure

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

Reconciliation of Unauthorised Expenditure

| | | |
|---|-------------------|-------------------|
| Opening balance | 20 092 174 | 15 196 121 |
| Unauthorised Expenditure current year | 14 313 998 | 20 092 174 |
| Approved by Council or condoned | -20 092 174 | -15 196 121 |
| Unauthorised Expenditure awaiting authorisation | <u>14 313 998</u> | <u>20 092 174</u> |

| Budgeted votes exceeded:- | Amount | Status |
|---|--------------|---------------------------|
| Vote 3 - CORPORATE SERVICES COMM SERV | R 3 286 816 | To be condoned by Council |
| Vote 6 - TECHNICAL SERVICES ENGINEERING | R 11 047 382 | To be condoned by Council |

38.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure was R nil for the year (2014 - R13 814).

Reconciliation of Fruitless and Wasteful expenditure

| | | |
|---|---------------|---------------|
| Opening balance | 52 551 | 36 737 |
| Fruitless and Wasteful Expenditure current year | - | 13 814 |
| Fruitless and Wasteful Expenditure awaiting condonement | <u>52 551</u> | <u>50 551</u> |

38. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)

38.3 Irregular Expenditure

Irregular expenditure to the value of R nil (2014 R 1 049 369) has been identified during the current year.

Reconciliation of Irregular Expenditure

| | | |
|--|----------------|----------------|
| Opening balance | 146 926 | 1 279 128 |
| Irregular Expenditure current year | - | 146 926 |
| Written off by Council | - | -1 279 128 |
| Irregular Expenditure awaiting write-off | <u>146 926</u> | <u>146 926</u> |

Internal investigations into the reasons for the irregular expenditure are underway, before the issues are handed over to legal to be dealt with further.

39. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

39.1 Contributions to organised local government - SALGA

| | | |
|--|----------|----------|
| Council Subscriptions | 838 218 | 603 217 |
| Amount Paid - current year | -838 218 | -603 217 |
| Balance Unpaid (Included in Creditors) | <u>-</u> | <u>-</u> |

39.2 Audit Fees

| | | |
|--|------------|------------|
| Current year Audit Fee | 4 130 783 | 3 672 263 |
| Amount Paid - current year | -4 130 783 | -3 672 263 |
| Balance Unpaid (Included in Creditors) | <u>-</u> | <u>-</u> |

39.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 18. All VAT returns have been submitted by the due date throughout the year.

39.4 PAYE, Skills Development Levy and UIF

| | | |
|--|------------|------------|
| Current year Payroll deductions | 4 915 810 | 5 979 943 |
| Amount Paid - current year | -4 915 810 | -5 979 943 |
| Balance Unpaid (Included in Creditors) | <u>-</u> | <u>-</u> |

39.5 Pension and Medical Aid Deductions

| | | |
|---|-------------|-------------|
| Current year Payroll deductions and Council Contributions | 11 946 255 | 14 182 760 |
| Amount Paid - current year | -11 946 255 | -14 182 760 |
| Balance Unpaid (Included in Creditors) | <u>0</u> | <u>-</u> |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R | |
|--|---------------|----------------------------------|--------------------------------------|
| 39. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued) | | | |
| 39.6 Councillor's arrear Consumer Accounts | | | |
| The following Councillors had arrear accounts outstanding for more than 90 days as at: | | | |
| 30 June 2015 | Total | Outstanding up to 90 days | Outstanding more than 90 days |
| Rates and Services | | | |
| Councillor S Van Zyl | 847 | 847 | |
| Councillor U Van Zyl | 952 | 952 | |
| Councillor AR Knott-Craig | 6 699 | 3 694 | 3 005 |
| Councillor MB Meshik | 2 295 | 2 295 | - |
| Councillor AD Gradwell | 1 953 | 1 953 | |
| Councillor AF Pannies | 1 242 | 1 242 | |
| Councillor DJ Coetzee | 16 366 | 1 483 | 14 883 |
| Councillor SJ Jankovich | 248 | 83 | 165 |
| | 7 952 | 2 939 | 5 012 |
| Overpaid Allowances | | | |
| Councillor A Booysen | | | |
| Councillor AR Knott-Craig | 27 936 | | 27 936 |
| | 1 747 | | 1 747 |
| | 68 236 | 15 488 | 52 748 |
| 30 June 2014 | | | |
| Rates and Services | | | |
| Councillor S Van Zyl | 334 | 334 | - |
| Councillor U Van Zyl | 195 | 195 | |
| Councillor AR Knott-Craig | 506 | 506 | - |
| Councillor MB Meshik | 5 201 | 2 063 | 3 138 |
| Councillor AD Gradwell | 5 880 | 1 323 | 4 557 |
| Councillor H Makoba | 2 034 | 2 034 | - |
| Councillor JD Swemmer | 99 | 99 | - |
| Councillor EA Rutgers | 99 | 99 | - |
| Councillor AF Pannies | -869 | -869 | - |
| Councillor DJ Coetzee | 278 | 278 | - |
| Councillor SJ Jankovich | 10 892 | 302 | 10 590 |
| Overpaid Allowances | | | |
| Councillor A Booysen | 30 009 | - | 30 009 |
| Councillor AR Knott-Craig | 8 548 | - | 8 548 |
| | 63 207 | 6 364 | 56 843 |
| Total Councillor Arrear Consumer Accounts | | | |

39.7 Non-Compliance with the Municipal Finance Management Act

Instance of non-compliance with the MFMA relate to irregular, Fruitless and Wasteful Expenditure.

39.8 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 2014/15 | Various occasions (26) | Emergency in terms of Camdeboo Municipality SCM Policy | 357 906 |
| 39(1)(a)(ii) | Year 2014/15 | Various occasions (28) | Sole provider of goods and services/Agents/ Limited suppliers within area | 3 129 921 |
| 39(1)(a)(iii) | Year 2014/15 | Various occasions (7) | Any exceptional case where it is impractical or impossible to follow the official procurement processes. Quotations that were advertised or asked for but were unable to obtain three (3) quotations | 2 831 816 |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
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R

39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

39.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(f) of the MFMA
Material Electricity and Water Losses are as follows and are not recoverable

Electricity:

| | | Lost Units | Cost per Kwh | Value |
|--------------|--------------------------------|------------|--------------|-----------|
| 30 June 2015 | Unaccounted Electricity Losses | 5 163 234 | 0.57 | 2 943 044 |
| 30 June 2014 | Unaccounted Electricity Losses | 7 312 091 | 0.52 | 3 802 287 |

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. The losses relate as follows, 95% are technical losses which amounts to R 2 809 777 (2014 R 3 612 173) and 5% are non-technical losses which amounts to R 147 683 (2014 R 190 114)

Water:

| | | Lost Units | Tariff | Value |
|--------------|--------------------------|------------|--------|-----------|
| 30 June 2015 | Unaccounted Water Losses | 1 742 475 | 5.59 | 9 740 435 |
| 30 June 2014 | Unaccounted Water Losses | 1 869 110 | 4 1100 | 7 682 044 |

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. The losses relate as follows, 95% are technical losses which amounts to R 9 247 042 (2014 R 7 297 942) and 5% are non-technical losses which amounts to R 486 686 (2014 R 384 102)

40. COMMITMENTS FOR EXPENDITURE

40.1 Capital Commitments

Commitments in respect of Capital Expenditure

- Approved and Contracted for:-

| | | |
|----------------------------------|-------------------|-------------------|
| Infrastructure | 11 932 478 | 11 289 986 |
| Community | 4 658 077 | 349 594 |
| Other | 940 914 | 3 422 034 |
| Total Capital Commitments | 17 531 467 | 15 061 614 |

The expenditure will be financed from

| | | |
|-------------------|-------------------|-------------------|
| Government Grants | 7 803 483 | 10 697 210 |
| Own Resources | 9 727 984 | 4 364 404 |
| | 17 531 467 | 15 061 614 |

40.2 Lease Commitments - 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

| | | |
|---|----------|------------------|
| Other Equipment: | - | 1 280 985 |
| Up to 1 year | - | 1 280 984 |
| 2 to 5 years | - | - |
| More than 5 years | - | - |
| Total Operating Lease Arrangements | - | 1 280 985 |

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

| | | |
|---------------------------------------|----------------|----------------|
| Operating expenditure | 573 933 | 733 789 |
| Total Operating Lease Expenses | 573 933 | 733 789 |

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.

CAMDEBOD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | 2015 | 2014 |
|---|--------------------------|-------------------|-------------------|
| | | R | R |
| 41. FINANCIAL INSTRUMENTS | | | |
| 41.1 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> | 2015 | 2014 |
| | | R | R |
| Receivables from Exchange Transactions | | | |
| Electricity | Amortised cost | 11 904 958 | 11 044 955 |
| Refuse | Amortised cost | 5 389 905 | 4 158 691 |
| Sewerage | Amortised cost | 12 341 396 | 9 127 599 |
| Water | Amortised cost | 23 899 367 | 19 813 467 |
| Other Receivables | Amortised cost | 5 078 577 | 5 643 208 |
| Receivables from Non-exchange Transactions | | | |
| Assessment Rates Debtors | Amortised cost | 4 548 831 | 1 016 673 |
| Payments made in Advance | Amortised cost | 603 217 | 603 217 |
| Accruals | Amortised cost | - | - |
| Sundry Deposits | Amortised cost | 100 000 | 100 000 |
| Sundry Debtors | Amortised cost | 1 965 352 | 1 293 294 |
| Credit Debtors balances | Amortised cost | 553 089 | - |
| Cash and Cash Equivalents | | | |
| Call Deposits | Amortised cost | 21 597 298 | 29 658 401 |
| Bank Balances | Amortised cost | -219 770 | -1 842 499 |
| Cash Floats and Advances | Amortised cost | 2 000 | 2 140 |
| SUMMARY OF FINANCIAL ASSETS | | | |
| Receivables from Exchange Transactions | Electricity | 11 904 958 | 11 044 955 |
| Receivables from Exchange Transactions | Refuse | 5 389 905 | 4 158 691 |
| Receivables from Exchange Transactions | Sewerage | 12 341 396 | 9 127 599 |
| Receivables from Exchange Transactions | Water | 23 899 367 | 19 813 467 |
| Receivables from Exchange Transactions | Other Debtors | 5 078 577 | 5 643 208 |
| Receivables from Non-exchange Transactions | Assessment Rates Debtors | 4 548 831 | 1 016 673 |
| Receivables from Non-exchange Transactions | Payments made in Advance | 603 217 | 603 217 |
| Receivables from Non-exchange Transactions | Accruals | - | - |
| Receivables from Non-exchange Transactions | Sundry Deposits | 100 000 | 100 000 |
| Receivables from Non-exchange Transactions | Sundry Debtors | 1 965 352 | 1 293 294 |
| Receivables from Non-exchange Transactions | Credit Debtors balances | 553 089 | - |
| Cash and Cash Equivalents | Call Deposits | 21 597 298 | 29 658 401 |
| Cash and Cash Equivalents | Bank Balances | -219 770 | -1 842 499 |
| Cash and Cash Equivalents | Cash Floats and Advances | 2 000 | 2 140 |
| Total Financial Assets | | 87 764 220 | 80 819 145 |

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows

| <u>Financial Liabilities</u> | <u>Classification</u> | 2014 | 2013 |
|--|-----------------------|------------|-----------|
| | | R | R |
| Consumer Deposits | | | |
| | Amortised cost | 2 133 854 | 1 881 244 |
| Payables from Exchange Transactions | | | |
| Trade Creditors | Amortised cost | 14 415 760 | 2 684 896 |
| Accruals | Amortised cost | 78 231 | - |
| Retentions | Amortised cost | 37 932 | 37 932 |
| Other Creditors | Amortised cost | 5 048 295 | 1 115 714 |
| Staff Leave Accrued | Amortised cost | 3 789 371 | 3 296 544 |
| Credit debtors balances | Amortised cost | 1 087 275 | - |
| Payables from Non-exchange Transactions | | | |
| Credit debtors balances | Amortised cost | 553 089 | - |
| Workmans compensation | Amortised cost | 458 026 | 458 026 |

41. FINANCIAL INSTRUMENTS (Continued)

41.2 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

Gearing Ratio

The gearing ratio at the year-end was as follows

| | 2014 | 2013 |
|---------------------------------|--------------------|--------------------|
| | R | R |
| Debt | 77 658 657 | 57 148 346 |
| Cash and Cash Equivalents | -21 599 298 | -29 660 541 |
| Net Debt | 56 059 359 | 27 487 805 |
| Equity | 627 451 110 | 667 789 252 |
| Net debt to equity ratio | 9% | 4% |

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.

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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R

41. FINANCIAL INSTRUMENTS (Continued)

41.3 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 external 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 instating 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.

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.

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.

41.5 Market Risk

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

41.6.1 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.

41.6.2 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 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 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.

Interest Rate Sensitivity Analysis

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

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R

2014
R

41. FINANCIAL INSTRUMENTS (Continued)

41.6.2 Interest Rate Risk Management (Continued)

Cash and Cash Equivalents:

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

- Surplus for the year ended 30 June 2015 would have increased / decreased by R nil (30 June 2014: increased / decreased by R nil). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

41.7 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 to its counterparties are monitored regularly.

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

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, Investec and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

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

The municipality limits the 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 Reporting 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.

| Counterparty and Location | 30 June 2015 | | 30 June 2014 | |
|---|-------------------|----------------------|-------------------|----------------------|
| | Credit Limit R | Carrying Amount R | Credit Limit R | Carrying Amount R |
| ALLIANCE INTERNET | - | 1 533 916 | - | 1 215 424 |
| NURSING KOSHUIS | - | 1 194 193 | - | 652 756 |
| P. J. LATEGAN | - | - | - | 576 918 |
| SPANDAU KOSHUIS | - | 758 034 | - | 560 666 |
| NATIONAL PUBLIC WORKS | - | 619 847 | - | 477 333 |
| | - | 592 701 | - | 103 210 |
| The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows: | | | | |
| Consumer Debtors | | | 18 723 804 | 24 766 214 |
| Other Debtors | | | 16 232 906 | 13 796 631 |
| Bank, Cash and Cash Equivalents | | | 21 379 528 | 27 818 042 |
| Maximum Credit and Interest Risk Exposure | | | 56 336 238 | 66 380 887 |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| 41. FINANCIAL INSTRUMENTS (Continued) | | |
| <i>41.7 Credit Risk Management (Continued)</i> | | |
| The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows: | | |
| | % | % |
| Consumer Debtors | | |
| - Household | 13% | 11% |
| - Industrial / Commercial | 7% | 6% |
| - National and Provincial Government | 42% | 36% |
| Other Debtors | | |
| - Other not Classified | 10% | 3% |
| Total Credit Risk | 81% | 56% |
| Bank and Cash Balances | | |
| ABSA Bank Ltd | 820 886 | 5 121 799 |
| Nedbank | - | 29 026 740 |
| Standard Bank | 10 190 319 | - |
| Investec | 2 938 | 52 588 |
| First National Bank | 10 363 385 | 2 614 777 |
| Cash Equivalents | 2 000 | 2 140 |
| Total Bank and Cash Balances | 21 379 528 | 27 818 042 |
| Credit quality of Financial Assets: | | |
| 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. | | |
| Receivables from Exchange Transactions | | |
| Counterparties without external credit rating - | | |
| Group 1 | 5 071 867 | 7 542 767 |
| Group 2 | 732 513 | 1 089 377 |
| | 5 804 380 | 8 632 144 |
| Total Receivables from Exchange Transactions | 5 804 380 | 8 632 144 |
| | | 1 230 581 |
| Receivables from Non-exchange Transactions | | |
| Group 1 | 5 585 535 | 4 670 115 |
| Total Receivables from Non-exchange Transactions | 5 585 535 | 4 670 115 |

41. FINANCIAL INSTRUMENTS (Continued)

41.7 Credit Risk Management (Continued)

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 2015

41. FINANCIAL INSTRUMENTS (Continued)

41.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 46 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

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

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

| Description | Note ref in AFS | Average effective Interest Rate % | Total R | 6 Months | 1 - 2 | 2 - 5 | More than |
|---|-----------------|-----------------------------------|-------------------|-------------------|----------|----------|-----------|
| | | | | or less R | Years R | Years | 5 Years R |
| 30 June 2015 | | | | | | | |
| Non-interest Bearing | | 0.00% | 27 431 376 | 27 431 376 | - | - | - |
| - Payables from Exchange transactions | | | 24 914 890 | 24 914 890 | - | - | - |
| - Payables from Non-exchange transactions | | | 2 516 486 | 2 516 486 | - | - | - |
| | | | 27 431 376 | 27 431 376 | - | - | - |
| 30 June 2014 | | | | | | | |
| Non-interest Bearing | | 0.00% | 7 528 150 | 7 528 150 | - | - | - |
| - Payables from Exchange transactions | | | 6 788 836 | 6 788 836 | - | - | - |
| - Payables from Non-exchange transactions | | | 739 314 | 739 314 | - | - | - |
| | | | 7 528 150 | 7 528 150 | - | - | - |

41. FINANCIAL INSTRUMENTS (Continued)

41.8 Liquidity Risk Management

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 | 6 - 12 | 1 - 2 | 2 - 5 | More than |
|--|-----------------|-----------------------------------|-------------------|-------------------|--------|-------|-------|-----------|
| | | | | or less | Months | Years | Years | 5 Years |
| | | | R | R | R | R | R | R |
| 30 June 2015 | | | | | | | | |
| Non-interest Bearing | | 0,00% | 26 496 293 | 26 496 293 | - | - | - | - |
| - Trade Receivables from Exchange Transactions | | | 18 723 804 | 18 723 804 | - | - | - | - |
| - Trade Receivables from Non-exchange Transactions | | | 7 770 489 | 7 770 489 | - | - | - | - |
| - Cash and Cash Equivalents | | | 2 000 | 2 000 | - | - | - | - |
| Variable Interest Rate Instruments | | 0,00% | 21 377 528 | 21 377 528 | - | - | - | - |
| - Call Deposits | | | 21 597 298 | 21 597 298 | - | - | - | - |
| - Bank Account | | | (219 770) | (219 770) | - | - | - | - |
| | | | 47 873 821 | 47 873 821 | - | - | - | - |
| 30 June 2014 | | | | | | | | |
| Non-interest Bearing | | 0,00% | 33 683 587 | 33 683 587 | - | - | - | - |
| - Trade Receivables from Exchange Transactions | | | 18 813 590 | 18 813 590 | - | - | - | - |
| - Trade Receivables from Non-exchange Transactions | | | 14 867 857 | 14 867 857 | - | - | - | - |
| - Cash and Cash Equivalents | | | 2 140 | 2 140 | - | - | - | - |
| Variable Interest Rate Instruments | | 0,00% | 27 815 902 | 27 815 902 | - | - | - | - |
| - Call Deposits | | | 29 658 401 | 29 658 401 | - | - | - | - |
| - Bank Account | | | (1 842 499) | (1 842 499) | - | - | - | - |
| | | | 61 499 489 | 61 499 489 | - | - | - | - |

41. FINANCIAL INSTRUMENTS (Continued)

41.9 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 2015

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| Description | Note ref in AFS | Average effective Interest Rate % | Total | 6 Months | 6 - 12 | 1 - 2 | 2 - 5 | More than |
|-------------------------------------|-----------------------|--|-------------------|-------------------|-------------|------------|------------|--------------|
| | | | | R or less | Months R | Years R | Years R | 5 Years R |
| VARIABLE RATE INSTRUMENTS | | | | | | | | |
| Short-term Investment Deposits | 6 | | 21 597 298 | 21 597 298 | - | - | - | - |
| Bank Balances and Cash | 6 | | (217 770) | (217 770) | - | - | - | - |
| Total Fixed Rate Instruments | | | 21 379 528 | 21 379 528 | - | - | - | - |

30 June 2014

| Description | Note ref in AFS | Average effective Interest Rate % | Total | 6 Months | 6 - 12 | 1 - 2 | 2 - 5 | More than |
|-------------------------------------|-----------------------|--|-------------------|-------------------|-------------|------------|------------|--------------|
| | | | | R or less | Months R | Years R | Years R | 5 Years R |
| VARIABLE RATE INSTRUMENTS | | | | | | | | |
| Short-term Investment Deposits | 6 | | 29 658 401 | 29 658 401 | - | - | - | - |
| Bank Balances and Cash | 6 | | (1 840 359) | (1 840 359) | - | - | - | - |
| Total Fixed Rate Instruments | | | 27 818 042 | 27 818 042 | - | - | - | - |

41.10 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 2015

42. RELATED PARTY TRANSACTIONS

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

42.1 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 |
| Clive Warner | Assistant Manager | Electrical Motor Rewinders - Son |
| Maryna Minnie | Senior Clerk: Administration | Tinnus Minnie Electrical - Spouse |
| Ivan Jaftha | Law Enforcement Officer | Jaftha Transport - Owner |
| Logan Cudjoe | Expenditure | RAC Transport - Spouse |
| Hanna Makoba | Mayor | New Horizon Sewing Project |
| Marie Fichet | Senior Administration | Guest House - Owner |
| Christopher Nash | ICT Officer | Netapes - Owner |

42.2 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 |
|--|-----------------------|-------------------------|------------------------|------------------------------|
| For the Year ended 30 June 2015 | | | | |
| Councillors | 19 285 | 98 497 | 66 218 | 59 785 |
| Municipal Manager and Section 57 Personnel | 3 544 | 26 046 | 30 977 | 2 765 |
| Total Services | 22 829 | 124 544 | 97 195 | 62 550 |
| For the Year ended 30 June 2014 | | | | |
| Councillors | 12 806 | 104 352 | 57 421 | 63 207 |
| Municipal Manager and Section 57 Personnel | 4 877 | 21 576 | 37 343 | 8 662 |
| Total Services | 17 683 | 125 928 | 94 764 | 71 869 |

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.

42.3 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 2014 | Purchases for the Year 2013 |
|--------------|----------------|------------------|--------------------|-----------------------------|-----------------------------|
| XTT | Christine Smal | Son | Official | 65 287 | 60 706 |

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | | | | |
|----------------------------|----------------|--------|------------|----------------|---------------|
| JBV Caterers | Alfred Pannies | Spouse | Councillor | - | 2 250 |
| Electrical Motor Rewinders | Clive Warner | Son | Official | 146 523 | 2 470 |
| Jaftha Transport | Ivan Jaftha | Owner | Official | - | 5 500 |
| Total Purchases | | | | <u>286 163</u> | <u>70 926</u> |

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.

43. CONTINGENT LIABILITIES

| | | |
|-------------------------|----------------|---------------|
| 43.1 Guarantees: | <u>946 273</u> | <u>60 000</u> |
|-------------------------|----------------|---------------|

The Camdeboo Municipality has the following guarantees:

| | | |
|---|---------|--------|
| (i) Department of Mineral and Energy: R60 000 at First National Bank ceded to Department of Mineral and Energy for the rehabilitation of the | 60 000 | 60 000 |
| (ii) Eskom: 886 276.45 to be paid by First National Bank on receipt of first written demand for payment from Eskom | 886 276 | - |

| | | |
|--------------------------------|----------------|----------------|
| 43.2 Court Proceedings: | <u>202 000</u> | <u>122 000</u> |
|--------------------------------|----------------|----------------|

| | | |
|---|---------|---------|
| (i) Dispute on Training : C B Williams C B Williams instituted a claim against the municipality in the amount of R 25 567 relating to training provided. The municipality did not contract the services of CB Willemsse for the training. The outcome of the case seems to be that CB Willemsse is not proceeding with same. | 6 000 | 6 000 |
| (ii) The Wedge The liability on the improvement to the property is currently under dispute. | 16 000 | 16 000 |
| (iii) Amatenda Housing Development Housing developments for low income was done on municipal property. The developers are in liquidation and a dispute has arisen. | 180 000 | 100 000 |

44. IN-KIND DONATIONS AND ASSISTANCE

2014/15

The municipality received the following in-kind donations and assistance:

- (i) Fire truck from Sarah Baartman district municipality with a market value of R1,2 million
- (ii) Computer equipment from Department of Economic Development

2013/14

The municipality received the following in-kind donations and assistance:

- (i) Infrastructure assets for the waste water treatment works in Nieu Bethesda to the market value of R5,54 million

45. PRIVATE PUBLIC PARTNERSHIPS

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

46. EVENTS AFTER THE REPORTING DATE

CAMDEBOO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

46.1 Damage to property by protest action:

On the 27th of August 2015 several assets belonging to the municipality were damaged by protestors who set fire to the municipal stores warehouse as well as sportsgrounds, according to initial reports amongst the damaged property was a bulldozer with a carrying value of R1 200 000 and other inventory items. At the date of authorisation of the Annual financial statements the number of items damaged during the event is yet to be confirmed and a report is being finalised for submission to the insurers. The Insurance Company is still in the process to determine the claimable amount.

47. COMPARATIVE FIGURES

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

48. GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 27 May 2015 the Council adopted the 2015/16 to 2017/18 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

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

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

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

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

**APPENDIX A (UNAUDITED)
CAMDEBOO MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016**

| 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 |
| Land and Buildings | | | | | | | | | | | | |
| Land: | | | | | | | | | | | | |
| Re-classification | 9 678 130 | - | - | - | - | 9 678 130 | - | - | - | - | - | - |
| Land: Developed | 87 868 650 | - | - | - | - | 87 868 650 | - | - | - | - | - | - |
| Land: Undeveloped | 87 546 780 | - | - | - | - | 87 546 780 | - | - | - | - | - | - |
| | | | | | | | | | | | | |
| Buildings: | | | | | | | | | | | | |
| Re-classification | - | - | - | - | - | - | - | - | - | - | - | - |
| Shops | 210 800 | - | - | - | - | 210 800 | 168 761 | 2 847 | - | - | 171 608 | 38 192 |
| Houses | 77 200 | - | - | - | - | 77 200 | 38 611 | 2 573 | - | - | 41 184 | 36 016 |
| Office Buildings | 8 373 059 | - | - | - | - | 8 373 059 | 5 407 655 | 199 836 | - | - | 5 607 491 | 2 765 568 |
| Office Parks | 12 791 570 | - | - | - | - | 12 791 570 | 10 998 830 | 136 859 | - | - | 11 135 688 | 1 655 882 |
| | 21 452 629 | - | - | - | - | 21 452 629 | 16 613 856 | 342 115 | - | - | 16 955 971 | 4 498 658 |
| | | | | | | | | | | | | |
| | 118 959 409 | - | - | - | - | 118 959 409 | 16 613 856 | 342 115 | - | - | 16 955 971 | 102 043 438 |
| Infrastructure | | | | | | | | | | | | |
| Re-statement | - | - | - | - | - | - | - | - | - | - | - | - |
| Airports: | | | | | | | | | | | | |
| Aprons | 2 536 939 | - | - | - | - | 2 536 939 | 968 765 | 45 159 | - | - | 1 013 943 | 1 522 996 |
| Radio Beacons | 38 988 | - | - | - | - | 38 988 | 21 248 | 1 018 | - | - | 22 267 | 16 731 |
| Runways | 12 305 679 | - | - | - | - | 12 305 679 | 3 693 552 | 278 830 | - | - | 3 972 363 | 8 333 296 |
| | | | | | | | | | | | | |
| Electricity: | | | | | | | | | | | | |
| Sundries | 18 051 360 | 5 538 063 | 2 803 916 | - | - | 26 393 339 | 4 114 116 | 924 667 | - | - | 5 038 763 | 21 354 557 |
| Meters | 163 610 | - | - | - | - | 163 610 | 50 925 | 6 544 | - | - | 57 070 | 106 540 |
| Substations | 51 694 912 | 3 560 424 | - | - | - | 55 255 336 | 16 721 561 | 1 431 230 | - | - | 18 152 791 | 37 102 545 |
| Supply and Revaluation | 2 18 661 | - | - | - | - | 218 661 | 8 607 | 574 | - | - | 9 181 | 209 500 |
| Transformers | 3 710 969 | 2 273 764 | - | - | - | 5 984 733 | 1 001 848 | 83 664 | - | - | 1 095 713 | 4 685 040 |
| High Voltage Lines | 1 599 818 | 1 593 920 | - | - | - | 3 193 737 | 38 900 | 39 995 | - | - | 78 895 | 3 114 842 |
| Low voltage Lines | 107 457 448 | 36 905 | - | - | - | 107 594 353 | 60 159 469 | 3 699 365 | - | - | 63 858 834 | 43 735 519 |
| | | | | | | | | | | | | |
| Roads and Transport: | | | | | | | | | | | | |
| Bridges, Subways and Culverts | 20 199 182 | - | - | - | - | 20 199 182 | 8 785 922 | 256 343 | - | - | 9 042 264 | 11 156 918 |
| Roads: Asphalt | 269 048 210 | - | 1 314 424 | - | - | 270 362 634 | 142 640 354 | 9 111 901 | - | - | 151 752 254 | 118 610 378 |
| Roads: Paved | 5 823 927 | - | - | - | - | 5 823 927 | 2 180 839 | 291 461 | - | - | 2 472 300 | 3 351 627 |
| Stormwater | 21 038 102 | - | - | - | - | 21 038 102 | 10 432 440 | 350 835 | - | - | 10 783 275 | 10 254 827 |
| Streetname Signs | 1 802 114 | 45 269 | - | - | - | 1 847 383 | 944 426 | 103 726 | - | - | 1 048 152 | 789 231 |

**APPENDIX A (UNAUDITED)
CAMDEBOO MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015**

| Description | Cost / Revitalisation | | | Accumulated Depreciation / Impairment | | | Carrying Value |
|------------------------------|-----------------------|-------------------|--------------------|---------------------------------------|--------------------|----------------------|--------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R |
| Housing Schemes | - | - | - | - | - | - | - |
| Leased Assets | - | - | - | - | - | - | - |
| Motor Cars | - | - | - | - | - | - | - |
| Other Assets | - | - | - | - | - | - | - |
| Re-classifications | - | - | - | - | - | - | - |
| Computer Equipment: | | | | | | | |
| Computer Hardware | 1 072 366 | 959 854 | - | - | (28 600) | 2 003 620 | 1 395 575 |
| Computer Networks | 1 068 818 | - | - | - | (235 192) | 843 627 | 209 122 |
| Furniture and Fittings: | | | | | | | |
| Chairs | 60 170 | 73 022 | - | - | - | 133 191 | 109 970 |
| Other Furniture | 2 444 032 | - | - | - | (16 222) | 2 425 810 | 645 804 |
| Motor Vehicles: | | | | | | | |
| Motor Cars | 20 071 280 | 2 257 741 | - | - | (1 074 638) | 21 264 382 | 10 642 064 |
| Motor Cycles | 102 036 | - | - | - | - | 102 036 | 42 515 |
| Trailers | 2 207 173 | - | - | - | - | 2 207 173 | 884 546 |
| Office Equipment: | | | | | | | |
| Air Conditioners | 724 519 | 38 432 | - | - | - | 762 950 | 334 990 |
| Audiovisual Equipment | 27 721 | - | - | - | - | 27 721 | 9 855 |
| Domestic Equipment | 20 235 | 12 260 | - | - | - | 32 515 | 14 523 |
| Office Machines | 746 497 | - | - | - | (7 894) | 738 603 | 17 994 |
| Plant and Equipment: | | | | | | | |
| Laboratory Equipment | 568 144 | - | - | - | - | 568 144 | 397 343 |
| Lifts | 12 934 | - | - | - | - | 12 934 | 232 373 |
| Lawnmowers | 1 729 521 | - | - | - | - | 1 729 521 | 335 771 |
| Machinery | 60 583 | - | - | - | - | 60 583 | 5 490 |
| Other Plant and Equipment | 8 446 172 | 1 201 679 | - | - | (3 000) | 9 644 851 | 907 969 |
| Pulverising Mills | - | - | - | - | - | - | 821 552 |
| Pumps and Plumbing Equipment | 772 478 | 1 397 937 | - | - | - | 2 291 454 | 24 727 |
| Radio Equipment | 894 468 | - | - | - | - | 894 468 | 35 856 |
| Other Assets: | | | | | | | |
| Access Controls | 297 249 | - | - | - | - | 297 249 | 3 417 808 |
| | | | | | | | 1 865 828 |
| | | | | | | | 445 416 |
| | | | | | | | 122 531 |
| | | | | | | | 21 308 511 |
| | | | | | | | 786 349 396 |
| | | | | | | | 24 512 284 |
| Total | 1 422 137 662 | 18 999 310 | 10 610 660 | - | (1 357 546) | 1 458 390 487 | 854 660 090 |

CAMDEBOO MUNICIPALITY

**APPENDIX A (UNAUDITED)
CAMDEBEO MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015**

| Description | Cost/Revaluation | | | | Accumulated Depreciation / Impairment | | | | Carrying Value | | | |
|---|------------------------|------------------|---------------------------|------------------|---------------------------------------|------------------------|------------------------|------------------|------------------|------------------|------------------------|-----------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | | Transfers | Disposals | Closing Balance |
| ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2015 | | | | | | | | | | | | |
| | R | R | R | R | R | R | R | R | R | R | R | |
| | | | | | | | | | | | | |
| Description | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | Carrying Value |
| Investment Properties | R | R | R | R | R | R | R | R | R | R | R | R |
| Land | 105 700 | - | - | - | - | 105 700 | - | - | - | - | - | 105 700 |
| Buildings | 352 800 | - | - | - | - | 352 800 | 258 744 | 11 780 | - | - | 270 504 | 82 296 |
| | 458 500 | - | - | - | - | 458 500 | 258 744 | 11 780 | - | - | 270 504 | 187 996 |

**CAMDEBEO MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2015**

| Description | Cost/Revaluation | | | | Accumulated Depreciation / Impairment | | | | Carrying Value | | | |
|--------------------------|------------------|-----------|--------------------|-----------|---------------------------------------|-----------------|-----------------|-----------|----------------|-----------|-----------|-----------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | | Transfers | Disposals | Closing Balance |
| Intangible Assets | R | R | R | R | R | R | R | R | R | R | R | R |
| Computer Software | 46 894 | - | - | - | - | 46 894 | 18 953 | 10 780 | - | - | 29 733 | 17 161 |
| Services | - | - | - | - | - | - | - | - | - | - | - | - |
| Spatial Development Plan | - | - | - | - | - | - | - | - | - | - | - | - |
| Valuation Roll | - | - | - | - | - | - | - | - | - | - | - | - |
| | 46 894 | - | - | - | - | 46 894 | 18 953 | 10 780 | - | - | 29 733 | 17 161 |

**CAMDEBEO MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2015**

| Description | Cost/Revaluation | | | | Accumulated Depreciation / Impairment | | | | Carrying Value | | | |
|------------------------------------|----------------------|-------------------|--------------------|-----------|---------------------------------------|----------------------|--------------------|-------------------|----------------|--------------------|--------------------|--------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | | Transfers | Disposals | Closing Balance |
| Heritage Assets | R | R | R | R | R | R | R | R | R | R | R | R |
| Buildings of cultural significance | 1 311 800 | - | - | - | - | 1 311 800 | - | - | - | - | - | 1 311 800 |
| Historical Sites | - | - | - | - | - | - | - | - | - | - | - | - |
| National Monuments | - | - | - | - | - | - | - | - | - | - | - | - |
| Municipal Jewellery | - | - | - | - | - | - | - | - | - | - | - | - |
| Museum | 1 058 200 | - | - | - | - | 1 058 200 | - | - | - | - | - | 1 058 200 |
| Paintings | - | - | - | - | - | - | - | - | - | - | - | - |
| Public Statues | - | - | - | - | - | - | - | - | - | - | - | - |
| | 2 370 000 | - | - | - | - | 2 370 000 | - | - | - | - | - | 2 370 000 |
| Total Asset Register | 1 425 013 256 | 18 989 310 | 10 610 860 | - | (1 357 546) | 1 453 265 881 | 757 114 864 | 40 552 389 | - | (1 026 620) | 796 640 633 | 656 625 247 |

**APPENDIX B (UNAUDITED)
CAMDEBOO MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 June 2015**

| Description | Cost / Revaluation | | | Accumulated Depreciation / Impairment | | | | Carrying Value | | | |
|-------------------------------|----------------------|-------------------|--------------------|---------------------------------------|--------------------|----------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | | Additions | Disposals | Closing Balance |
| | R | R | R | R | R | R | R | R | R | R | R |
| Executive and Council | 4 542 904 | 43 993 | 42 148 | - | (10 036) | 4 619 009 | 2 608 154 | 106 734 | (7 589) | 2 707 299 | 1 911 711 |
| Finance and Administration | 209 879 629 | 2 032 466 | 1 947 218 | - | (463 662) | 213 395 662 | 120 495 271 | 4 931 053 | (350 629) | 125 075 696 | 88 319 966 |
| Planning and Development | 14 159 221 | 137 117 | 131 366 | - | (31 280) | 14 396 425 | 8 129 037 | 332 666 | (23 655) | 8 438 048 | 5 958 377 |
| Health | 1 134 855 | 10 990 | 10 529 | - | (2 507) | 1 153 867 | 651 538 | 26 663 | (1 896) | 676 306 | 477 561 |
| Community and Social Services | 82 745 227 | 801 302 | 767 692 | - | (182 795) | 84 131 426 | 47 505 366 | 1 944 072 | (138 236) | 49 311 203 | 34 820 224 |
| Housing | - | - | - | - | - | - | - | - | - | - | - |
| Public Safety | 12 185 796 | 118 007 | 113 057 | - | (26 920) | 12 389 939 | 6 996 061 | 286 301 | (20 358) | 7 262 005 | 5 127 935 |
| Sport and Recreation | 16 273 774 | 157 595 | 150 985 | - | (35 951) | 16 546 403 | 9 343 036 | 382 347 | (27 187) | 9 698 195 | 6 848 207 |
| Environmental Protection | - | - | - | - | - | - | - | - | - | - | - |
| Waste Management | 273 594 060 | 2 649 475 | 2 538 347 | - | (604 405) | 278 177 476 | 157 074 751 | 6 428 003 | (457 071) | 163 045 683 | 115 131 793 |
| Roads and Transport | 317 911 535 | 45 269 | 1 314 424 | - | - | 319 271 227 | 164 983 980 | 10 114 266 | - | 175 098 245 | 144 172 982 |
| Water | 309 589 458 | - | 791 178 | - | - | 310 380 636 | 157 232 643 | 9 804 044 | - | 167 036 687 | 143 343 949 |
| Electricity | 182 996 797 | 13 003 096 | 2 803 916 | - | - | 198 803 809 | 82 095 026 | 6 195 240 | - | 88 291 267 | 110 512 543 |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Total | 1 425 013 256 | 18 999 310 | 10 610 860 | - | (1 367 646) | 1 463 266 881 | 757 114 864 | 40 552 389 | (1 026 620) | 796 640 633 | 656 625 247 |

**APPENDIX C (UNAUDITED)
CAMDEBOO MUNICIPALITY**

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

| 2014 Actual Income | 2014 Actual Expenditure | 2014 Surplus/ (Deficit) | Description | Vote Number | 2015 Actual Income | 2015 Budgeted Income | 2015 Actual Expenditure | 2015 Budgeted Expenditure | 2015 Surplus/ (Deficit) |
|--------------------------|-------------------------------|-------------------------------|-------------------------------|----------------|--------------------------|----------------------------|-------------------------------|---------------------------------|-------------------------------|
| R | R | R | | | R | R | R | R | R |
| 2 470 012 | 13 189 035 | (10 719 023) | Executive and Council | | 2 556 941 | 1 973 000 | 16 307 070 | 18 307 000 | (13 750 129) |
| 60 415 853 | 19 534 741 | 40 881 112 | Finance and Administration | | 70 852 356 | 65 122 946 | 30 586 495 | 29 688 000 | 40 265 861 |
| - | 732 357 | (732 357) | Planning and Development | | - | 124 000 | 1 838 181 | 992 000 | (1 838 181) |
| 987 897 | 1 401 488 | (413 491) | Health | | 815 094 | 1 113 000 | 1 854 490 | 1 924 000 | (1 039 396) |
| 131 549 | 1 688 204 | (1 756 655) | Community and Social Services | | 1 702 359 | 1 748 000 | 2 040 980 | 2 851 000 | (338 621) |
| 3 993 | 1 175 853 | (1 171 860) | Housing | | 4 270 | 4 000 | (6 574) | 100 000 | 10 844 |
| 2 548 327 | 4 240 260 | (1 691 933) | Public Safety | | 2 562 827 | 3 170 000 | 4 838 280 | 5 287 000 | (2 275 453) |
| 62 703 | 9 613 721 | (9 551 018) | Sport and Recreation | | 68 871 | 71 000 | 11 617 429 | 13 066 000 | (11 548 558) |
| - | - | - | Environmental Protection | | - | - | - | - | - |
| 40 298 891 | 28 432 434 | 11 866 457 | Waste Management | | 32 355 373 | 35 582 000 | 51 004 724 | 37 561 000 | (18 649 351) |
| 244 718 | 25 907 370 | (25 662 653) | Roads and Transport | | 347 508 | 186 000 | 13 954 269 | 15 874 000 | (13 606 761) |
| 14 099 772 | 23 177 061 | (9 077 289) | Water | | 15 688 909 | 36 944 000 | 30 447 355 | 27 879 000 | (14 758 446) |
| 65 679 022 | 64 405 470 | 1 273 552 | Electricity | | 81 999 730 | 80 213 000 | 71 953 871 | 73 056 000 | 10 045 859 |
| 986 643 | 10 665 004 | (9 678 360) | Other | | 1 087 309 | 1 117 150 | 13 943 117 | 13 754 000 | (12 855 808) |
| 187 929 480 | 204 362 998 | (16 433 518) | Sub-Total | | 210 041 547 | 227 388 096 | 250 379 687 | 240 439 000 | (40 338 140) |
| | | | Revenue Foregone | | | | | | |
| 187 929 480 | 204 362 998 | (16 433 518) | Total | | 210 041 547 | 227 388 096 | 250 379 687 | 240 439 000 | (40 338 140) |

**APPENDIX D (1) (UNAUDITED)
CAMDEBOO MUNICIPALITY**

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2015

| Description | 2014/15 | | | | | 2013/14 | | | |
|--------------------------------------|-----------------------|--------------------|--------------------------|--------------------|--------------------|---------------------|-------------------------------------|--|--------------------------|
| | 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 |
| REVENUE - STANDARD | | | | | | | | | |
| Governance and Administration: | | | | | | | | | |
| Executive and Council | 1 973 000 | - | 1 973 000 | 1 973 000 | 2 556 941 | 583 941 | 129,60 | 129,60 | 2 470 012 |
| Budget and Treasury Office | 72 172 000 | (7 049 054) | 65 122 946 | 65 122 946 | 70 852 356 | 5 729 410 | 108,80 | 98,17 | 85 297 845 |
| Corporate Services | - | - | - | - | - | - | 0,00 | 0,00 | - |
| Community and Public Safety: | | | | | | | | | |
| Community and Social Services | 1 748 000 | - | 1 748 000 | 1 748 000 | 1 702 359 | (45 641) | 97,39 | 97,39 | 131 549 |
| Sport and Recreation | 71 000 | - | 71 000 | 71 000 | 68 871 | (2 129) | 97,00 | 97,00 | 62 703 |
| Public Safety | 3 170 000 | - | 3 170 000 | 3 170 000 | 2 562 627 | (607 373) | 80,85 | 80,85 | 2 548 327 |
| Housing | 4 000 | - | 4 000 | 4 000 | 4 270 | 270 | 106,75 | 106,75 | 3 993 |
| Health | 1 113 000 | - | 1 113 000 | 1 113 000 | 815 094 | (297 906) | 73,23 | 73,23 | 987 997 |
| Economic and Environmental Services: | | | | | | | | | |
| Planning and Development | 124 000 | - | 124 000 | 124 000 | - | (124 000) | 0,00 | 0,00 | - |
| Road Transport | 121 000 | - | 186 000 | 186 000 | 347 508 | 161 508 | 186,83 | 287,20 | 244 718 |
| Environmental Protection | - | - | - | - | - | - | 0,00 | 0,00 | - |
| Trading Services: | | | | | | | | | |
| Electricity | 80 138 000 | 75 000 | 80 213 000 | 80 213 000 | 81 999 730 | 1 786 730 | 102,23 | 102,32 | 69 221 233 |
| Water | 36 944 000 | - | 36 944 000 | 36 944 000 | 15 686 909 | (21 255 091) | 42,47 | 42,47 | 14 918 750 |
| Waste Water Management | 23 036 000 | 5 000 000 | 28 036 000 | 28 036 000 | 32 355 373 | 4 319 373 | 115,41 | 140,46 | 4 518 617 |
| Waste Management | 5 545 000 | 2 000 000 | 7 546 000 | 7 546 000 | - | (7 546 000) | 0,00 | 0,00 | 6 537 094 |
| Other: | | | | | | | | | |
| Tourism | 1 104 000 | (76) | 1 103 924 | 1 103 924 | 1 087 309 | (16 615) | 98,49 | 98,49 | 986 643 |
| Intergovernmental & Special Projects | - | - | - | - | - | - | 0,00 | 0,00 | - |
| Total Revenue - Standard | 227 263 000 | 90 870 | 227 354 870 | 227 354 870 | 210 041 547 | (17 313 323) | 92,38 | 92,42 | 187 929 480 |
| EXPENDITURE - STANDARD | | | | | | | | | |
| Governance and Administration: | | | | | | | | | |
| Executive and Council | 11 835 000 | 6 472 000 | 18 307 000 | 18 307 000 | 16 307 070 | (1 999 930) | 89,08 | 137,79 | 10 555 375 |
| Budget and Treasury Office | 36 326 000 | (6 638 000) | 29 688 000 | 29 688 000 | 30 586 495 | 898 495 | 103,03 | 84,20 | 19 534 741 |
| Corporate Services | 11 396 000 | 1 002 000 | 12 398 000 | 12 398 000 | 10 209 330 | (2 188 670) | 82,35 | 89,59 | 9 444 546 |
| Community and Public Safety: | | | | | | | | | |
| Community and Social Services | 2 851 000 | - | 2 851 000 | 2 851 000 | 2 040 980 | (810 020) | 71,59 | 71,59 | 1 888 204 |
| Sport and Recreation | 11 908 000 | 1 158 000 | 13 066 000 | 13 066 000 | 11 617 429 | (1 448 571) | 88,91 | 97,56 | 9 613 721 |
| Public Safety | 5 204 000 | 83 000 | 5 287 000 | 5 287 000 | 4 836 280 | (448 720) | 91,51 | 92,97 | 4 240 260 |
| Housing | - | 100 000 | 100 000 | 100 000 | (6 574) | (106 574) | 0,00 | 0,00 | 1 175 853 |
| Health | 1 888 000 | 36 000 | 1 924 000 | 1 924 000 | 1 854 490 | (69 510) | 96,39 | 98,23 | 1 401 488 |

APPENDIX D (1) (UNAUDITED)

CAMDEBOO MUNICIPALITY

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2015

| Description | 2014/15 | | | | | | 2013/14 | | |
|---|-----------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|-------------------------------------|--|--------------------------|
| | 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 |
| Economic and Environmental Services: | | | | | | | | | |
| Planning and Development | 983 000 | 9 000 | 992 000 | 992 000 | 1 838 181 | 846 181 | 185,30 | 187,00 | 732 357 |
| Road Transport | 15 341 000 | 533 000 | 15 874 000 | 15 874 000 | 13 954 269 | (1 919 731) | 87,91 | 90,96 | 25 907 370 |
| Environmental Protection | - | - | - | - | - | - | 0,00 | 0,00 | - |
| Trading Services: | | | | | | | | | |
| Electricity | 74 216 000 | (1 160 000) | 73 056 000 | 73 056 000 | 71 953 871 | (1 102 129) | 98,49 | 96,95 | 64 405 470 |
| Water | 24 938 000 | 2 941 000 | 27 879 000 | 27 879 000 | 30 447 355 | 2 568 355 | 109,21 | 122,09 | 23 177 061 |
| Waste Water Management | 11 565 000 | 19 335 000 | 30 900 000 | 30 900 000 | 39 426 999 | 8 526 999 | 127,60 | 340,92 | 25 560 555 |
| Waste Management | 13 418 000 | (6 757 000) | 6 661 000 | 6 661 000 | 11 577 725 | 4 916 725 | 173,81 | 86,29 | - |
| Other: | | | | | | | | | |
| Tourism | 1 164 000 | 198 161 | 1 362 161 | 1 362 161 | 1 280 297 | (81 864) | 93,99 | 109,99 | 1 220 458 |
| Intergovernmental & Special Projects | | | | | | | | | |
| Restatements | | | | | | | | | |
| Total Expenditure - Standard | 223 033 000 | 17 312 161 | 240 345 161 | 240 345 161 | 247 926 197 | 7 581 036 | 103,15 | 111,16 | 204 362 997 |
| | | | | | (2 453 490) | | | | |
| Surplus/(Deficit) for the year | 4 230 000 | (17 221 291) | (12 990 291) | (12 990 291) | (37 884 650) | (24 894 359) | 0,00 | 0,00 | (16 433 517) |
| | | | | | (0) | | | | |
| | | | | | (0) | | | | |

APPENDIX D (2) (UNAUDITED)

CAMDEBOO MUNICIPALITY

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2015

| Description | 2014/15 | | | | | | | 2013/14 | |
|--|-----------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|-------------------------------------|--|--------------------------|
| | 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 |
| REVENUE BY VOTE | | | | | | | | | |
| Vote 1 - EXECUTIVE AND COUNCIL | 1 973 023 | - | 1 973 023 | 1 973 023 | 2 556 941 | 583 918 | 129 60 | 129 60 | 2 808 723 |
| Vote 2 - CORPORATE SERVICES: ADMINISTRN | 2 195 855 | - | 2 195 855 | 2 195 855 | 3 129 293 | 933 438 | 142 51 | 142 51 | 2 373 093 |
| Vote 3 - CORPORATE SERVICES: COMM SERV | 7 388 233 | 2 000 450 | 9 388 683 | 9 388 683 | 7 174 925 | (2 213 758) | 76 42 | 97 11 | 4 531 902 |
| Vote 4 - CORPORATE SERVICES: PROTECTION | 3 169 898 | - | 3 169 898 | 3 169 898 | 2 562 827 | (607 071) | 80 85 | 80 85 | 2 403 220 |
| Vote 5 - FINANCIAL SERVICES | 72 171 814 | (7 054 681) | 65 117 133 | 65 117 133 | 70 748 418 | 5 631 285 | 108 65 | 98 03 | 67 226 962 |
| Vote 6 - TECHNICAL SERVICES: ENGINEERING | 60 226 222 | 5 065 000 | 65 291 222 | 65 291 222 | 42 776 937 | (22 514 285) | 65 52 | 71 03 | 24 495 265 |
| Vote 7 - TECHNICAL SERVICES: ELECTRICAL | 80 137 746 | 75 520 | 80 213 266 | 80 735 983 | 81 999 730 | 1 263 747 | 101 57 | 102 32 | 68 529 671 |
| Total Revenue by Vote | 227 262 791 | 86 289 | 227 349 080 | 227 871 797 | 210 949 071 | (16 922 726) | 92 57 | 92 82 | 172 368 836 |
| EXPENDITURE BY VOTE | | | | | | | | | |
| Vote 1 - EXECUTIVE AND COUNCIL | 13 650 172 | 6 480 805 | 20 130 977 | 20 130 977 | 19 670 861 | (460 116) | 97 71 | 144 11 | 9 168 004 |
| Vote 2 - CORPORATE SERVICES: ADMINISTRN | 13 414 980 | 1 002 308 | 14 417 288 | 14 417 288 | 12 302 908 | (2 114 380) | 85 33 | 91 71 | 11 384 354 |
| Vote 3 - CORPORATE SERVICES: COMM SERV | 28 378 351 | (5 271 245) | 23 107 106 | 23 107 106 | 26 373 722 | 3 266 616 | 114 14 | 92 94 | 33 226 000 |
| Vote 4 - CORPORATE SERVICES: PROTECTION | 5 203 616 | 83 576 | 5 287 192 | 5 287 192 | 4 838 280 | (448 912) | 91 51 | 92 98 | 4 032 044 |
| Vote 5 - FINANCIAL SERVICES | 36 326 327 | (6 638 562) | 29 687 745 | 30 210 462 | 30 257 145 | 46 683 | 100 15 | 83 29 | 21 840 101 |
| Vote 6 - TECHNICAL SERVICES: ENGINEERING | 51 844 918 | 22 808 058 | 74 652 976 | 74 652 976 | 85 700 358 | 11 047 382 | 114 80 | 165 30 | 45 733 069 |
| Vote 7 - TECHNICAL SERVICES: ELECTRICAL | 74 215 553 | (1 159 466) | 73 056 087 | 73 056 087 | 71 953 871 | (1 102 216) | 98 49 | 96 95 | 63 418 780 |
| Total Expenditure by Vote | 223 033 917 | 17 305 454 | 240 339 371 | 240 862 088 | 251 097 145 | 10 235 057 | 104 25 | 112 56 | 188 802 353 |
| Surplus/(Deficit) for the year | 4 228 874 | (17 219 165) | (12 990 291) | (12 990 291) | (40 148 074) | (27 157 783) | 0 00 | 0 00 | (16 433 517) |

**APPENDIX E (UNAUDITED)
CAMDEBOO MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grants and Subsidies Received

| Name of Grant | Name of Organ of State or Municipal Entity | Quarterly Receipts | | | | Quarterly Expenditure | | | | Compliance to Revenue Act (*) See below | Reason for Non-compliance | |
|--|--|----------------------|------------------|-------------------|----------------|-----------------------|-------------------|-------------------|-------------------|--|---------------------------|------|
| | | July | Dec | March | June | July | Sept | Dec | March | | | June |
| Equitable Share | Nat Treasury | 16 209 000 | 1 635 000 | 11 091 000 | - | 10 237 500 | 10 237 500 | 10 237 500 | 10 237 500 | 10 237 500 | Yes | N/A |
| FMG | Nat Treasury | 1 800 000 | 500 000 | | - | 569 700 | 611 182 | 401 784 | 295 111 | 401 784 | Yes | N/A |
| INEP | DME | | 2 280 000 | 7 258 000 | - | 7 553 224 | 1 229 500 | 1 550 294 | 4 422 498 | 500 000 | Yes | N/A |
| MIG Projects | MIG | 8 587 000 | | | - | 141 720 | 381 748 | 260 964 | 159 564 | 1 550 294 | Yes | N/A |
| MSIG | DPLG | 934 000 | | | - | 53 554 | 261 922 | 338 423 | 184 020 | 338 423 | Yes | N/A |
| EPWP Incentive Grant | Province | 400 000 | 300 000 | 300 000 | - | 271 698 | 271 698 | 271 698 | 271 698 | 271 698 | Yes | N/A |
| Health - Clinics | Province | 271 698 | 271 698 | 17 707 | | 27 607 | 27 607 | 27 607 | 27 607 | 27 607 | Yes | N/A |
| SETA | National | 28 893 | 24 343 | | | 93 750 | 93 750 | 93 750 | 93 750 | 93 750 | Yes | N/A |
| Fire grant | SBDM | 375 000 | | 1 557 000 | | 389 250 | 389 250 | 389 250 | 389 250 | 389 250 | Yes | N/A |
| Library | SBDM | | | | | | | | | | | |
| Total Grants and Subsidies Received | | 28 605 591,00 | 5 011 041 | 20 223 707 | 311 182 | 19 338 003 | 13 504 157 | 14 071 270 | 15 809 300 | | | |