

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**  
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**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**  
**GENERAL INFORMATION**

**MAYOR**

Cllr Hanna Makoba

**SPEAKER**

Cllr Hanna Makoba

**OTHER MEMBERS OF THE MAYORAL COMMITTEE**

<u>COUNCILLORS</u>	<u>WARD</u>	<u>PROPORTIONAL COUNCILLORS</u>
Cllr. D.J. Coetzee	1	Cllr. H. Makoba
Cllr. F.E Sigonyela	2	Cllr. E. Ruiters
Cllr. A.F. Pannies	3	Cllr. T.J.C. Eksteen
Cllr. A.D. Gradwell	4	Cllr. A. Booysen
Cllr. G. Mackelina	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  
Graaff - Reinet  
6280

P.O Box 71  
Graaff - Reinet  
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 2016**  
**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.

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**NOEL PIETERSEN**  
**MUNICIPAL MANAGER**  
**30 June 2016**

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**JIMMY JOUBERT**  
**CHIEF FINANCIAL OFFICER**  
**30 June 2016**

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**  
**MEMBERS OF THE COUNCIL**

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

**CERTIFICATION OF REMUNERATION OF COUNCILLORS**

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

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**NOEL PIETERSEN**  
**MUNICIPAL MANAGER**  
**30 June 2016**

**CAMDEBOO MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2016  
AUDIT REPORT**

The 2015/16 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**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

	Note	2016 R	Restated 2015 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>31 632 242</b>	<b>52 990 937</b>
Inventories	2	4 885 419	4 879 022
Receivables from Exchange Transactions	3	20 177 811	18 636 711
Receivables from Non-exchange Transactions	4	4 860 843	7 730 077
Cash and Cash Equivalents	6	1 708 169	21 599 298
Vat Receivable	16	-	145 829
<b>Non-Current Assets</b>		<b>643 774 093</b>	<b>660 295 215</b>
Property, Plant and Equipment	7	632 157 892	648 518 417
Intangible Assets	8	44 556	17 159
Investment Property	9	-	187 994
Heritage Assets	10	11 571 645	11 571 645
<b>TOTAL ASSETS</b>		<b>675 406 335</b>	<b>713 286 152</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>37 291 144</b>	<b>38 669 943</b>
Consumer Deposits	11	2 144 581	2 133 554
Cash and Cash Equivalents	6	-	219 770
Current portion of Employee Benefit Liability	18	1 294 386	1 276 152
Provisions	12	595 817	102 299
Payables from Exchange Transactions	13	25 937 965	27 627 181
Payables from Non-exchange Transactions	14	2 803 826	2 516 486
Unspent Conditional Grants and Receipts	15	4 435 805	4 637 301
VAT Payable	16	78 764	-
Provision for Rehabilitation of Land-fill Sites	19	-	157 200
<b>Non-Current Liabilities</b>		<b>34 700 612</b>	<b>35 398 548</b>
Non-current portion of Employee Benefit Liability	18	28 177 582	28 811 548
Provision for Rehabilitation of Land-fill Sites	19	6 523 030	6 587 000
<b>TOTAL LIABILITIES</b>		<b>71 991 756</b>	<b>74 068 491</b>
<b>NET ASSETS</b>		<b>603 414 579</b>	<b>639 217 661</b>
<b>NET ASSETS</b>		<b>603 414 579</b>	<b>639 217 661</b>
Accumulated Surplus	20	603 414 579	639 217 661
<b>TOTAL NET ASSETS</b>		<b>603 414 579</b>	<b>639 217 661</b>

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 R	Restated 2015 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>90 772 385</b>	<b>106 311 889</b>
Property Rates	21	21 480 724	20 074 929
Fines		247 710	315 094
Licences and Permits		1 965 707	1 845 829
Government Grants and Subsidies Received	22	67 078 244	73 400 268
Donations Received		-	1 474 124
Fair value adjustment on property		-	9 201 645
<b>Revenue from Exchange Transactions</b>		<b>114 644 173</b>	<b>112 779 959</b>
Service Charges	23	106 300 407	102 955 308
Rental of Facilities and Equipment	24	663 257	580 601
Interest Earned - External Investments	25	909 666	2 299 305
Interest Earned - Outstanding Debtors	25	5 290 102	4 658 806
Other Revenue	26	1 405 501	1 766 764
Gains on Disposal of Property, Plant and Equipment		75 240	519 175
<b>TOTAL REVENUE</b>		<b>205 416 558</b>	<b>219 091 848</b>
<b>LESS: EXPENDITURE</b>			
		<b>241 219 645</b>	<b>244 167 885</b>
Employee Related Costs	27	76 236 459	70 630 718
Remuneration of Councillors	28	4 285 582	4 085 624
Depreciation and Amortisation	29	41 081 276	40 971 508
Impairment Losses	30	8 974 835	19 525 918
Repairs and Maintenance		11 540 142	12 781 995
Bulk Purchases	31	55 662 777	47 654 228
Contracted Services	32	3 847 721	2 991 588
Grants and Subsidies Paid	33	18 000	23 000
General Expenses	34	39 336 526	45 503 306
Loss on Disposal of Property, Plant and Equipment		236 327	-
<b>DEFICIT FOR THE YEAR</b>		<b>(35 803 087)</b>	<b>(25 076 037)</b>

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016**

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
<b>Balance as previously reported at 1 July 2014</b>					
Balance at 1 July 2014	5 000 000	5 509 732	657 279 517	667 789 249	667 789 249
Prior year error (Note 35)			(3 495 551)	(3 495 551)	(3 495 551)
<b>Restated Balance at 1 July 2014</b>	<b>5 000 000</b>	<b>5 509 732</b>	<b>653 783 966</b>	<b>664 293 698</b>	<b>664 293 698</b>
Surplus for the year		-	(25 076 037)	(25 076 037)	(25 076 037)
Insurance claims processed		27 752	(27 752)	-	-
<b>Balance at 30 June 2015</b>	<b>5 000 000</b>	<b>5 537 484</b>	<b>628 680 177</b>	<b>639 217 661</b>	<b>639 217 661</b>
Surplus for the year		-	(35 803 087)	(35 803 087)	(35 803 087)
Insurance claims processed		(8 028)	8 028	-	-
<b>Balance at 30 June 2016</b>	<b>5 000 000</b>	<b>5 529 456</b>	<b>592 885 118</b>	<b>603 414 574</b>	<b>603 414 574</b>



**CAMDEBOO MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 R	Restated 2015 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Ratepayers and other		200 651 290	201 763 478
Payments to suppliers and employees		(201 976 949)	(188 492 183)
Cash generated from operations	<b>37</b>	(1 325 659)	13 271 296
Interest received	<b>25</b>	6 199 768	6 958 111
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>4 874 109</b>	<b>20 229 407</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(24 751 340)	(27 895 330)
Purchase of Intangible Assets	<b>8</b>	(44 867)	-
Proceeds on Disposal of Property, Plant and Equipment		239 712	975 100
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(24 556 495)</b>	<b>(26 920 230)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in consumer deposits	<b>11</b>	11 027	252 310
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>11 027</b>	<b>252 310</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>6</b>	<b>(19 671 359)</b>	<b>(6 438 513)</b>
Cash and Cash Equivalents at Beginning of Period		21 379 528	27 818 042
Cash and Cash Equivalents at End of Period		1 708 169	21 379 528

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

Description	Original Total Budget	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		
<b>FINANCIAL PERFORMANCE</b>									
<b>Revenue from Non-exchange Transactions</b>									
Property Rates	22 890 584	24 396 836	24 396 836	21 480 724	(2 916 112)	88.05	93.84	-12%	Slowdown in debtor payment rate Challenges with judicial process. Contestations Less licenses issued by the public
Fines	234 725	234 725	234 725	247 710	12 985	105.53	105.53	6%	
Licences and Permits	2 682 379	3 375 941	3 375 941	1 965 707	(1 410 234)	58.23	73.28	-42%	
Government Grants and Subsidies Received	80 039 183	71 862 110	71 862 110	67 078 244	(4 783 866)	93.34	83.81	-7%	
<b>Revenue from Exchange Transactions</b>									
Service Charges	129 171 897	129 176 897	129 176 897	106 300 407	(22 876 490)	82.29	82.29	-18%	Slowdown in debtor payment rate Less rentals by the public. Difficult item to predict and Competition from other facilities.
Rental of Facilities and Equipment	793 523	793 523	793 523	663 257	(130 266)	83.58	83.58	-16%	
Interest Earned - External Investments	2 475 271	2 475 271	2 475 271	909 666	(1 565 605)	36.75	36.75	-63%	Slowdown in debtor payment rate, internal spending
Interest Earned - Outstanding Debtors	4 356 633	4 356 633	4 356 633	5 290 102	933 469	121.43	121.43	21%	Slowdown in debtor payment rate
Other Income	993 829	1 263 060	1 263 060	1 405 501	142 441	111.28	141.42	11%	Increased proceeds from Insurance claims
Gains on Disposal of Property, Plant and Equipment	366 800	366 800	366 800	75 240	(291 560)	21	-	-79%	No significant disposals during the year
<b>Total Revenue</b>	<b>244 004 824</b>	<b>238 301 796</b>	<b>238 301 796</b>	<b>205 416 558</b>	<b>(32 885 238)</b>	<b>86.20</b>	<b>84.19</b>		
<b>Expenditure</b>									
Employee Related Costs	84 669 959	93 097 910	93 097 910	76 236 459	(16 861 451)	81.89	90.04	-18%	Moratorium on vacant positions
Remuneration of Councillors	6 053 902	6 053 902	6 053 902	4 285 582	(1 768 320)	70.79	70.79	-29%	Uncertainty with regards to upper limits
Depreciation and Amortisation	42 208 200	42 208 200	42 208 200	41 081 276	(1 126 924)	97.33	97.33	-3%	Uncertainty with regards to budget of non cash items
Impairment Losses	3 146 515	4 246 515	4 246 515	8 974 835	4 728 320	211.35	285.23	111%	Increase to doubtful debts, handovers and indigents
Repairs and Maintenance	9 550 432	11 758 585	11 758 585	11 540 142	(218 443)	98.14	120.83	-2%	
Bulk Purchases	56 125 091	56 125 091	56 125 091	55 662 777	(462 314)	99.18	99.18	-1%	
Contracted Services	1 342 348	2 188 203	2 188 203	3 847 721	1 659 518	175.84	286.64	76%	Security cost increased. New service points
Grants and Subsidies Paid	33 720	33 720	33 720	18 000	(15 720)	53.38	53.38	100%	No applications were received for Bursaries
General Expenses	52 298 619	55 744 659	55 744 659	39 336 526	(16 408 133)	70.57	75.22	-29%	Decrease in Municipal Service charges
Loss on Disposal of Property, Plant and Equipment	-	-	-	236 327	236 327	-	-	100%	No losses incurred on disposals
<b>Total Expenditure</b>	<b>255 428 786</b>	<b>271 456 785</b>	<b>271 456 785</b>	<b>241 219 645</b>	<b>(30 237 140)</b>	<b>88.86</b>	<b>94.44</b>		
<b>Surplus/(Deficit)</b>	<b>(11 423 962)</b>	<b>(33 154 989)</b>	<b>(33 154 989)</b>	<b>(35 803 087)</b>	<b>(2 648 098)</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit) after Capital Transfers and Contributions</b>	<b>(11 423 962)</b>	<b>(33 154 989)</b>	<b>(33 154 989)</b>	<b>(35 803 087)</b>	<b>(2 648 098)</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit for the Year)</b>	<b>(11 423 962)</b>	<b>(33 154 989)</b>	<b>(33 154 989)</b>	<b>(35 803 087)</b>	<b>(2 648 098)</b>	<b>-</b>	<b>-</b>		

**Note:** Budget adjustments during the Adjustment Budget period were effected in accordance with the spending as at January 2016. 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 2016**

**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 2015 and 30 June 2016 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 Municipality'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. In terms of iGRAP 1 a municipality is required to recognise the full amount of revenue at the transaction date and a municipality may need to use estimates to determine the amount of revenue that it is entitled to collect. 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*.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**1. BASIS OF PRESENTATION (continued)**

**1.2.3 Impairment of Financial Assets**

Accounting Policy on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments*, and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

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

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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**1. BASIS OF PRESENTATION (continued)**

**1.2.8 Provisions and contingent liabilities (continued)**

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.

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 GO 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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**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

GRAP 18 Segment Reporting - issued February 2011  
GRAP 20 Related Party Disclosures - issued June 2011  
GRAP 32 Service Concession Arrangement: Grantor  
GRAP 106 Transfers between entities not under common control - issued November 2010  
GRAP 107 Mergers - issued November 2010  
GRAP 108 Statutory Receivables  
GRAP 109 Accounting by Principles and Agents  
iGRAP 17 Service Concession arrangements where a Grantor controls a significant residual interest in an Asset

GRAP 16 - Amendments effective 1 April 2016  
GRAP 17 - Amendments effective 1 April 2016  
GRAP 21 - Amendments effective 1 April 2017  
GRAP 26 - Amendments effective 1 April 2017

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

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

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

**GRAP 18 - Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality 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 a municipality 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 municipality. 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.

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**1. BASIS OF PRESENTATION (continued)**

**1.6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)**

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 municipality.

GRAP 108 - Statutory Receivables

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

GRAP 109 - Accounting by Principles and Agents

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of Principles and Agents.

iGRAP 17 Service Concession arrangements where a Grantor controls a significant residual interest in an Asset

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of Service Concession arrangements where a Grantor controls a significant residual interest in an Asset.

GRAP 16 - Investment property

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of Investment Property.

GRAP 17 - Property, Plant and Equipment

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of Property, Plant and Equipment.

GRAP 21 - Impairment of Non-cash-generating Assets

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of Impairment of Non-cash-generating Assets.

GRAP 26 - Impairment of Cash-generating Assets

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of Impairment of Cash-generating Assets.

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**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 Other Reserves**

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

**2.1.1 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 municipality.
- 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.

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.



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**2. ACCUMULATED SURPLUS (continued)**

**2.1 Other Reserves (continued)**

**2.1.2 Capitalisation Reserve (continued)**

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.

**2.1.3 Insurance reserve**

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 fair value 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 municipality and the cost or fair value of the subsequent expenditure can be reliably measured.

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**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

**3.2 Subsequent Measurement (continued)**

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

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

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

**3.3 Depreciation**

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

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

	<b>Years</b>		<b>Years</b>
<b>Infrastructure</b>		<b>Buildings</b>	30 - 100
Roads and Paving	50		
Electricity	20 - 30	<b>Other</b>	
Water	15 - 20	Specialist Vehicles	10
Sewerage	15 - 20	Other Vehicles	5
Landfill Sites	30	Office Equipment	3 - 7
		Furniture and Fittings	7 - 10
<b>Community</b>		Watercraft	15
Recreational Facilities	20 - 50	Bins and Containers	5
Security	5	Specialised Plant and Equipmer	10 - 15
		Other Plant and Equipment	2 - 5

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

**3.4 Incomplete Construction Work**

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

**3.5 Finance Leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the municipality 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.

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**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

**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 derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds, and are 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 2016 (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.

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**4. INTANGIBLE ASSETS (continued)**

**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:

<b>Intangible asset</b>	<b>Years</b>
Software	3

Intangible assets are only tested for impairment in instances where there is an indicator of 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. 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.

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.

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**5. HERITAGE ASSETS (continued)**

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.

**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.

Heritage assets are initially recognised at fair value 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

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**5. HERITAGE ASSETS (continued)**

**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 municipality 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, and is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

**6. INVESTMENT PROPERTY**

**6.1 Initial Recognition**

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

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

It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality; 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 or Inventory, 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;

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**6. INVESTMENT PROPERTY (continued)**

**6.1 Initial Recognition (continued)**

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 have been assumed to be zero.

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

**6.2.2 Derecognition**

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

**7. IMPAIRMENT OF ASSETS**

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

**7.1 Impairment of Cash generating assets**

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

If 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.

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**7. IMPAIRMENT OF ASSETS (continued)**

**7.1 Impairment of Cash generating assets (continued)**

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 oversized or overcapacity asset. Oversized 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.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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



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## **8 FINANCIAL INSTRUMENTS**

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

### **Initial recognition**

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

The municipality 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 municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **The effective interest rate method**

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

### **Amortised cost**

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

#### **8.1 Financial Assets - Classification**

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

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

Financial assets at amortised cost

Financial assets at fair value

Financial assets at cost

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**8 FINANCIAL INSTRUMENTS (continued)**

**8.1 Financial Assets - Classification (continued)**

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:

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

**8.2 Financial Liabilities - Classification**

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

<u>Type of Financial Asset</u>	<u>Classification in terms of GRAP 104</u>
Long-term Liabilities	Financial liabilities measured at amortised cost
Other Creditors	Financial liabilities measured at amortised cost
Trade Creditors	Financial liabilities measured at amortised cost
Accruals	Financial liabilities measured at amortised cost
Consumer Deposits	Financial liabilities measured at amortised cost
Retention	Financial liabilities measured at amortised cost
Staff Leave Accrued	Financial liabilities measured at amortised cost

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

**8.3 Initial and Subsequent Measurement**

When a financial asset or financial liability is recognised initially, a municipality 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.

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**8 FINANCIAL INSTRUMENTS (continued)**

**8.3 Initial and Subsequent Measurement (continued)**

**Financial Liabilities held at amortised cost (continued)**

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

Prepayments are carried at cost less any accumulated impairment losses.

**Financial guarantee contract**

Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when they are contractually due. Financial guarantee contract liabilities are initially measured at fair value. The subsequent measurement of financial guarantee contracts is the higher of the amount determined in accordance with the policy on provisions as set out below, or the amount initially recognised less when appropriate cumulative amortisation.

**8.4 Impairment of Financial Assets**

Financial assets 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 Receivables 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 impaired prior to being written off. 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.

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**8 FINANCIAL INSTRUMENTS (continued)**

**8.5 Derecognition of Financial Assets**

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

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

**8.6 Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire. The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

**9. INVENTORIES**

**9.1 Initial Recognition**

Inventories comprise current assets held for sale and 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 non-refundable 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.

**9.2 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 a municipality 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 replacement cost.

**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.

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**9. INVENTORIES (continued)**

**9.2 Subsequent Measurement (continued)**

**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. 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.

**10. REVENUE RECOGNITION**

**10.1 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.

**10.1.1 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.

**10.1.2 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.

**10.1.3 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.

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**10. REVENUE RECOGNITION (continued)**

**10.1 Revenue from Exchange Transactions (continued)**

**10.1.4 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.

**10.1.5 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

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**10.1.6 Rentals**

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

**10.2 Revenue from Non-exchange Transactions**

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

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

**10.2.1 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.

**10.2.2 Fines**

Fines constitute both spot fines and summonses. At transaction date, the municipality recognises the full amount of fines, due to the municipality being obligated to collect all revenue due to it. Subsequent to initial recognition and measurement management assesses the collectability of the fine revenue and recognises an impairment loss where appropriate.

**10.2.3 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.

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**10. REVENUE RECOGNITION (continued)**

**10.2 Revenue from Non-exchange Transactions (continued)**

**10.2.4 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.

**10.2.5 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.

**10.2.6 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. PROVISIONS**

Provisions are recognised when:

The municipality has a present legal or constructive obligation as a result of past events;

It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

A reliable estimate can be made of the obligation

The best estimate of the expenditure required to settle the present obligation is the amount that a municipality 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 municipality, 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.

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**11. PROVISIONS (continued)**

**Environmental rehabilitation provisions**

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

**12. EMPLOYEE BENEFITS**

**12.1 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.

**12.2 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.

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.



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**13. 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.

**13. LEASES (continued)**

Leases other than finance leases are classified as operating leases.

**13.1 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 is implicit in the lease. 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.

**13.2 The Municipality as Lessor**

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

**13.3 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.

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**14. 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 a municipality borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the municipality 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 municipality 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 a municipality 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 municipality shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

**15. 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.

**16. 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.

**17. UNAUTHORISED EXPENDITURE**

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

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**18. 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.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes. Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable.

**19. 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.

**20. 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.

**21. RELATED PARTIES**

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

**22. 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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**23 COMPARATIVE INFORMATION**

**23.1 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.

**23 COMPARATIVE INFORMATION (continued)**

**23.2 Budget Information**

The annual budget figures for the year ending 2015/16 have been prepared and presented in accordance with legislative requirements under the accrual basis of accounting for budgets approved by Council by nature classification, and is 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.

The period covered by the budget is 1 July 2015 to 30 June 2016.

**24. 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 municipality. 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 municipality.

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

**25. 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.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**26. CAPITAL COMMITMENTS**

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

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

Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.

Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

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

Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**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**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Consumable Stores	4 734 597	4 728 200
Water	150 822	150 822
<b>Total Inventories</b>	<b>4 885 419</b>	<b>4 879 022</b>

The amount of inventories recognised as expenses for the year amounted to R 4 441 781 (2015: R 4 131 387)

The cost of water production for the year amounted to R 5.63 per kl (2015: R 5.59 per kl).

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

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Service Debtors:	55 649 226	53 449 208
Electricity	5 396 326	11 925 541
Refuse	6 487 219	5 388 534
Sewerage	13 663 729	12 336 960
Water	30 101 952	23 798 173
Other Receivables	5 530 172	5 077 902
Housing	2 390 124	2 259 199
Meter Readings not Billed	3 038 475	2 047 615
Other Debtors	101 573	771 088
Add: Credit debtors balances	1 684 036	1 087 275
Less: Provision for Impairment	(42 685 623)	(40 977 674)
<b>Total Receivables from Exchange Transactions</b>	<b>20 177 811</b>	<b>18 636 711</b>

Prior year Receivables from Exchange Transactions has been restated. Refer to Note 35 on "Comparative Information" for details of the restatement.

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

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 2016, the municipality is owed R 6 235 445 (30 June 2015: R 9 201 400) by National and Provincial Government.

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

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.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)**

**3.1 Ageing of Receivables from Exchange Transactions**

As at 30 June 2016

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	9 484 980	1 920 174	1 600 290	49 857 989	62 863 434
Less: Provision for Impairment	6 440 505	1 303 840	1 086 631	33 854 646	42 685 623
<b>Net Balances</b>	<b>3 044 475</b>	<b>616 335</b>	<b>513 659</b>	<b>16 003 343</b>	<b>20 177 811</b>

As at 30 June 2016 Receivables of R17 133 337 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	1 920 174	1 600 290	49 857 989	53 378 455
Less: Provision for Impairment	1 303 840	1 086 631	33 854 646	36 245 118
<b>Net Balances</b>	<b>616 336</b>	<b>513 659</b>	<b>16 003 343</b>	<b>17 133 337</b>

As at 30 June 2015

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	18 420 365	4 179 103	3 582 089	33 432 828	59 614 385
Less: Provision for Impairment	12 703 079	2 868 437	2 458 660	22 947 497	40 977 674
<b>Net Balances</b>	<b>5 717 286</b>	<b>1 310 666</b>	<b>1 123 428</b>	<b>10 485 330</b>	<b>18 636 711</b>

As at 30 June 2015 Receivables of R12 919 425 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	4 179 103	3 582 089	33 432 828	41 194 020
Less: Provision for Impairment	2 868 437	2 458 660	22 947 497	28 274 595
<b>Net Balances</b>	<b>1 310 666</b>	<b>1 123 428</b>	<b>10 485 330</b>	<b>12 919 425</b>

**3.2 Reconciliation of the Provision for Impairment**

	2016 R	2015 R
Balance at beginning of year	40 977 674	25 021 705
Impairment Losses recognised	1 707 949	19 167 663
Amounts written off as uncollectable	-	(3 211 694)
<b>Balance at end of year</b>	<b>42 685 623</b>	<b>40 977 674</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)** **2016**  
**R** **2015**  
**R**

**3.2 Reconciliation of the Provision for Impairment (continued)**

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. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

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

**3.3 Ageing of impaired Receivables from Exchange Transactions**

Current:

0 - 30 Days 6 440 505 12 703 079

Past Due:

31 - 60 Days 1 303 840 2 868 437

61 - 90 Days 1 086 631 2 458 660

+ 90 Days 33 854 646 22 947 497

**Total** **42 685 623** **40 977 674**

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2016</b>			
Assessment Rates Debtors	14 108 580	(13 995 188)	113 392
Payments made in Advance	603 217	-	603 217
Sundry Deposits	100 900	-	100 900
Sundry Debtors	2 859 034	(154 567)	2 704 467
Add: Credit debtors balances	1 338 867	-	1 338 867
<b>Total Receivables from Non-exchange Transactions</b>	<b>19 010 598</b>	<b>(14 149 755)</b>	<b>4 860 843</b>

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2015</b>			
Assessment Rates Debtors	12 764 363	(8 243 737)	4 520 626
Payments made in Advance	603 217	-	603 217
Sundry Deposits	100 000	-	100 000
Sundry Debtors	2 171 825	(218 680)	1 953 145
Add: Credit debtors balances	553 089	-	553 089
<b>Total Receivables from Non-exchange Transactions</b>	<b>16 192 494</b>	<b>(8 462 417)</b>	<b>7 730 077</b>

Prior year Receivables from Non-Exchange Transactions has been restated. Refer to Note 35 on "Comparative Information" for details of the restatement.

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

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



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)**

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

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

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

As at 30 June 2016

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	4 872 324	244 826	204 139	13 689 309	19 010 598
Less: Provision for Impairment	(3 626 514)	(182 226)	(151 943)	(10 189 073)	(14 149 755)
<b>Net Balances</b>	<b>1 245 811</b>	<b>62 600</b>	<b>52 197</b>	<b>3 500 236</b>	<b>4 860 843</b>

As at 30 June 2016 Receivables of R3 470 401 were debtors that had not been impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	244 826	204 139	13 689 309	14 138 274
Less: Provision for Impairment	(182 226)	(151 943)	(10 189 073)	(10 523 241)
<b>Net Balances</b>	<b>62 600</b>	<b>52 197</b>	<b>3 500 237</b>	<b>3 615 033</b>

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Continued)**

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

As at 30 June 2015

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	4 571 477	558 945	531 353	10 530 719	16 192 494
Less: Provision for Impairment	(973 646)	(360 193)	(342 412)	(6 786 165)	(8 462 417)
<b>Net Balances</b>	<b>3 597 831</b>	<b>198 752</b>	<b>188 941</b>	<b>3 744 554</b>	<b>7 730 077</b>

As at 30 June 2015 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	
<b>All Receivables:</b>				
Gross Balances	558 945	531 353	10 530 719	11 621 017
Less: Provision for Impairment	(360 193)	(342 412)	(6 786 165)	(7 488 770)
<b>Net Balances</b>	<b>198 752</b>	<b>188 941</b>	<b>3 744 554</b>	<b>4 132 247</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Continued)	2016 R	2015 R
<b>4.2 Reconciliation of Provision for Impairment</b>		
Balance at beginning of year	8 462 417	10 783 447
Impairment Losses recognised	5 687 338	(2 321 030)
<b>Balance at end of year</b>	<b>14 149 755</b>	<b>8 462 417</b>

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

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

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

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

**6. CASH AND CASH EQUIVALENTS**

Current Investments	934 040	21 597 298
Bank Accounts	771 889	(219 770)
Cash on hand	2 240	2 000
<b>Total Bank, Cash and Cash Equivalents</b>	<b>1 708 169</b>	<b>21 379 528</b>

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

**6.1 Current Investment Deposits**

Call Deposits	934 040	21 597 298
<b>Total Current Investment Deposits</b>	<b>934 040</b>	<b>21 597 298</b>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4,90 % to 6,77 % (2015: 4,60 % to 6,77 %) per annum.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

6. CASH AND CASH EQUIVALENTS (continued)	2016 R	2015 R
<b>6.2 Bank Accounts</b>		
Cash in Bank	771 889	(219 770)
Current Investments	934 040	21 597 298
<b>Total Bank Accounts</b>	<b>1 705 929</b>	<b>21 377 528</b>

The Municipality has the following bank accounts:

**Primary Bank Account**

*First National Bank - Vote Number 629929709200*

Cash book balance at beginning of year	(219 770)	(1 842 499)
Cash book balance at end of year	771 889	(219 770)
Bank statement balance at beginning of year	406 443	2 238 225
Bank statement balance at end of year	2 013 003	406 443

*ABSA -Aberdeen - Account Number 4053048940*

Bank statement balance at beginning of year	2 899 758	23 587
Bank statement balance at end of year	545 257	2 899 758

Interest on overdrawn current accounts are charged at the banker's prime rate plus two percent per annum. Interest is earned at different rates per annum on favourable balances.

**Current Investments**

*ABSA - Account Number 9257114251*

Bank statement balance at beginning of year	820 886	39 337
Bank statement balance at end of year	20 469	820 886

*ABSA - Account Number 9071870653*

Bank statement balance at beginning of year	-	459 609
Bank statement balance at end of year	-	-

*ABSA - Account Number 9293816776*

Bank statement balance at beginning of year	-	24 215
Bank statement balance at end of year	-	-

*ABSA - Account Number 9293160909*

Bank statement balance at beginning of year	-	5 058 247
Bank statement balance at end of year	-	-

*FNB - Account Number 62374218503*

Bank statement balance at beginning of year	135 631	3 851 154
Bank statement balance at end of year	236	135 631

*FNB - Account Number 74374220066*

Bank statement balance at beginning of year	10 447 524	146 513
Bank statement balance at end of year	910 397	10 447 524

*Investec - Account Number 50006008687*

Bank statement balance at beginning of year	2 938	52 586
Bank statement balance at end of year	2 938	2 938

<b>CAMDEBOO MUNICIPALITY</b> <b>NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016</b>
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	2016 R	2015 R
<b>6. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>6.2 Bank Accounts (continued)</b>		
<i>Nedbank - Account Number 1766000029</i>		
Bank statement balance at beginning of year	-	20 026 740
Bank statement balance at end of year	-	-
	-	20 026 740
<i>Standard Bank - Fixed Deposit 288540867-005</i>		
Bank statement balance at beginning of year	10 190 319	-
Bank statement balance at end of year	-	10 190 319
	10 190 319	10 190 319
<i>Total current investments</i>		
Bank statement balance at beginning of year	21 597 298	29 658 400
Bank statement balance at end of year	934 041	21 597 298
	21 597 298	21 597 298
<b>6.3 Cash on hand</b>		
Cash Floats and Advances	2 240	2 000
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<b>2 240</b>	<b>2 000</b>

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

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

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**7. PROPERTY, PLANT AND EQUIPMENT**

30 June 2016

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2015</b>	<b>98 914 602</b>	<b>4 861 978</b>	<b>521 667 256</b>	<b>3 591 691</b>	<b>19 482 890</b>	<b>648 518 417</b>
Cost	98 914 602	22 204 601	1 265 881 731	18 517 265	45 586 146	1 451 104 345
- Completed Assets	98 914 602	22 204 601	1 249 540 398	18 517 265	45 586 146	1 434 763 012
- Under Construction	-	-	16 341 333	-	-	16 341 333
- Assets held for sale	152 000	-	-	-	-	152 000
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	-	(17 342 623)	(744 214 475)	(14 925 574)	(26 103 256)	(802 585 928)
- Cost	-	(17 342 623)	(744 214 475)	(14 925 574)	(26 103 256)	(802 585 928)
Acquisitions	-	914 914	15 494 418	7 778 352	2 424 539	26 612 223
Capital under Construction - Additions:	-	-	9 055 076	-	-	9 055 076
- Cost	-	-	(14 736 585)	-	-	(14 736 585)
Depreciation:	-	(385 966)	(35 829 232)	(336 717)	(4 511 893)	(41 063 807)
- Based on Cost	-	(385 966)	(35 829 232)	(336 717)	(4 511 893)	(41 063 807)
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Disposals:	-	-	(236 327)	-	-	(236 327)
- Cost	-	-	(724 168)	-	-	(724 168)
- Accumulated Depreciation	-	-	487 841	-	-	487 841
Carrying value of Transfers to Held-for-Sale:	(46 300)	82 296	-	-	-	35 996
Transfer to Non-Current Assets Held for Sale	(152 000)	-	-	-	-	(152 000)
Property Held-for-Sale - at cost	-	-	-	-	-	-
Transfer from Investment Property	105 700	82 296	-	-	-	187 996
- Cost	105 700	352 800	-	-	-	458 500
- Accumulated Depreciation	-	(270 504)	-	-	-	(270 504)
- Based on Cost	-	(270 504)	-	-	-	(270 504)
Capital under Construction - Completed	-	-	(10 915 689)	-	-	(10 915 689)
<b>Carrying values at 30 June 2016</b>	<b>99 020 302</b>	<b>5 473 221</b>	<b>499 235 502</b>	<b>11 033 326</b>	<b>17 395 537</b>	<b>632 157 888</b>
Cost	99 020 302	23 472 315	1 278 791 368	26 295 617	48 010 685	1 475 590 287
- Completed Assets	99 020 302	23 472 315	1 264 310 648	26 295 617	48 010 685	1 461 109 567
- Under Construction	-	-	14 480 720	-	-	14 480 720
Transfer to Non-Current Assets Held for Sale	(152 000)	-	-	-	-	(152 000)
Accumulated Depreciation:	-	(17 999 093)	(779 555 866)	(15 262 291)	(30 615 149)	(843 432 399)
- Cost	-	(17 999 093)	(779 555 866)	(15 262 291)	(30 615 149)	(843 432 399)

30 June 2015

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2014</b>	<b>97 546 780</b>	<b>4 457 945</b>	<b>534 907 920</b>	<b>3 917 030</b>	<b>18 226 647</b>	<b>659 056 322</b>
Cost	97 546 780	21 476 970	1 243 294 791	18 517 265	40 992 747	1 421 828 553
- Completed Assets	97 546 780	21 476 970	1 235 767 656	18 517 265	40 992 747	1 414 301 418
- Under Construction	-	-	7 527 135	-	-	7 527 135
Accumulated Depreciation:	-	(17 019 025)	(708 386 871)	(14 600 235)	(22 766 100)	(762 772 231)
- Cost	-	(17 019 025)	(708 386 871)	(14 600 235)	(22 766 100)	(762 772 231)
Acquisitions	-	727 631	13 772 742	-	5 950 945	20 451 318
Capital under Construction - Additions:	-	-	10 266 206	-	-	10 266 206
Depreciation:	-	(323 598)	(35 827 604)	(325 339)	(4 473 396)	(40 949 937)
- Based on Cost	-	(323 598)	(35 827 604)	(325 339)	(4 473 396)	(40 949 937)
Property Held-for-Sale - at cost	1 367 822	-	-	-	-	1 367 822
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)
<b>Carrying values at 30 June 2015</b>	<b>98 914 602</b>	<b>4 861 978</b>	<b>521 667 256</b>	<b>3 591 691</b>	<b>19 482 890</b>	<b>648 518 417</b>
Cost	98 914 602	22 204 601	1 265 881 731	18 517 265	45 586 146	1 451 104 345
- Completed Assets	98 914 602	22 204 601	1 249 540 398	18 517 265	45 586 146	1 434 763 012
- Under Construction	-	-	16 341 333	-	-	16 341 333
Accumulated Depreciation:	-	(17 342 623)	(744 214 475)	(14 925 574)	(26 103 256)	(802 585 928)
- Cost	-	(17 342 623)	(744 214 475)	(14 925 574)	(26 103 256)	(802 585 928)

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

**2016**                      **2015**  
**R**                                      **R**

The prior year Property, Plant and Equipment balances have been restated. Refer to Note 35 on "Comparative information" 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.

**Property Held-for-Sale**

Prior year non-current assets held-for-sale has been restated. Refer to Note 35 on "Comparative Information" for details of the restatement. 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.

**8. INTANGIBLE ASSETS**

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

**44 556**                      **17 159**

The movement in Intangible Assets is reconciled as follows:

	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2014</b>	<b>31 669</b>	<b>31 669</b>
Cost	46 895	46 895
Accumulated Amortisation	(15 226)	(15 226)
Amortisation:	(14 510)	(14 510)
- Based on Cost	(14 510)	(14 510)
<b>Carrying values at 30 June 2015</b>	<b>17 159</b>	<b>17 159</b>
Cost	46 895	46 895
Accumulated Amortisation	(29 736)	(29 736)
Acquisitions:	44 867	44 867
- Purchased	44 867	44 867
Amortisation:	(17 470)	(17 470)
- Based on Cost	(17 470)	(17 470)
<b>Carrying values at 30 June 2016</b>	<b>44 556</b>	<b>44 556</b>
Cost	91 762	91 762
Accumulated Amortisation	(47 206)	(47 206)

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.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**9. INVESTMENT PROPERTY**

At Cost less Accumulated Depreciation - 187 994

The movement in Investment Property is reconciled as follows:

	187 994	187 994
<b>Carrying values as at the beginning of the year</b>	<b>187 994</b>	<b>187 994</b>
Cost	458 500	458 500
Accumulated Depreciation	(270 506)	(270 506)
Depreciation during the Year	-	(11 760)
Transfers during the Year:	(187 994)	-
At Cost	(458 500)	-
At Accumulated Depreciation	270 506	-
<b>Carrying values as at the end of the year</b>	<b>-</b>	<b>187 994</b>
Cost	-	458 500
Accumulated Depreciation	-	(270 506)

**9. INVESTMENT PROPERTY (Continued)**

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

Rental Revenue earned from Investment Property	-	<u>157 538</u>
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During the year the investment property was transferred to property plant and equipment. The property can no longer be classified as investment property as the lease has expired effective 30 June 2015 and the use of the property has changed from lease to administrative in nature.

Refer to Appendix "A" for more detail on Investment Property.

**9.1 Impairment of Investment Property**

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

**10. HERITAGE ASSETS**

At Cost less Accumulated Impairment Losses	<u>11 571 645</u>	<u>11 571 645</u>
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The movement in Heritage Assets is reconciled as follows:

	Buildings of cultural significance	Museum
<b>Carrying values at 30 June 2015</b>	<b>10 107 745</b>	<b>1 463 900</b>
Cost	10 107 745	1 463 900
Accumulated Impairment	-	-
<b>Carrying values at 30 June 2016</b>	<b>10 107 745</b>	<b>1 463 900</b>
Cost	10 107 745	1 463 900
Accumulated Impairment	-	-

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

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	R	R

**10. HERITAGE ASSETS (Continued)**

**10.1 Impairment of Heritage Assets**

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

**10.2 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.

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

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

**11. CONSUMER DEPOSITS**

Electricity and Water	2 144 581	2 133 554
<b>Total Consumer Deposits</b>	<b>2 144 581</b>	<b>2 133 554</b>

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

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate 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	415 817	102 299
Legal Cost	180 000	-
<b>Total Provisions</b>	<b>595 817</b>	<b>102 299</b>

Provision for balance of legal costs resulting from lodgment and finalization of High Court Application for appropriate declaratory and other relief and cost resulting from insolvency interrogations initiated by liquidators (Amatenda Propert Project CC).

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



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>12. PROVISIONS (continued)</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Staff members receive a 13th cheque at the end of the calendar year. The provision is recognised on a pro rata basis as the bonus accrues monthly		
The movement in provisions are reconciled as follows:		
<b>Current Provisions:</b>		
<b>Performance Bonuses:</b>		
Balance at beginning of year	102 299	102 299
Contributions to provision	691 455	210 052
Expenditure incurred	(377 937)	(210 052)
<b>Balance at end of year</b>	<b>415 817</b>	<b>102 299</b>

**13. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Creditors	11 547 327	14 987 450
Accruals	2 608 160	2 027 388
Retentions	37 932	37 932
Other Creditors	5 645 899	5 239 739
Staff Leave Accrued	4 414 611	4 247 397
Credit debtors balances	1 684 036	1 087 275
<b>Total Payables</b>	<b>25 937 965</b>	<b>27 627 181</b>

Payables from Exchange Transactions have been restated. 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.

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	1 464 959	1 604 744
Other Creditors	-	358 653
Credit debtors balances	1 338 867	553 089
<b>Total Payables</b>	<b>2 803 826</b>	<b>2 516 486</b>

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

Sundry debtors consists of unidentified deposits

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

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS	2016 R	2015 R
<b>Conditional Grants from Government</b>	<b>4 435 805</b>	<b>4 637 301</b>
Local Government Grants	4 435 805	4 637 301
<b>Total Unspent Conditional Grants</b>	<b>4 435 805</b>	<b>4 637 301</b>

See Note 22 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	(78 764)	-

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 LEASES**

**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**

**Non-Current Portion**

Post-retirement Health Care Benefits Liability	23 954 446	24 529 548
Provision for Long Service Awards	4 223 136	4 282 000
	<u>28 177 582</u>	<u>28 811 548</u>

**Current Portion**

Post-retirement Health Care Benefits Liability	781 416	784 152
Provision for Long Service Awards	512 970	492 000
	<u>1 294 386</u>	<u>1 276 152</u>

**18.1 Post-retirement Health Care Benefits Liability**

Balance at beginning of Year	25 313 700	23 001 647
Increase due to Discounting	190 918	3 014 317
Contribution Benefits paid	(768 756)	(702 264)
Balance at end of Year	<u>24 735 862</u>	<u>25 313 700</u>
Transfer to Current Provisions	(781 416)	(784 152)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b><u>23 954 446</u></b>	<b><u>24 529 548</u></b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

18. EMPLOYEE BENEFIT LIABILITIES (continued)	2016 R	2015 R
<b>18.1 Post-retirement Health Care Benefits Liability (continued)</b>		
<b>Current Portion:</b>		
Balance at beginning of year	784 152	752 820
Contributions	766 020	733 596
Contribution (Benefits paid)	(768 756)	(702 264)
<b>Balance at end of year</b>	<b>781 416</b>	<b>784 152</b>

Prior year employee benefit liabilities has been restated. Refer to Note 35 on "Comparative Information" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 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)	173	170
Continuation Members (Retirees, widowers and orphans)	25	26
<b>Total Members</b>	<b>198</b>	<b>196</b>

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

In-service Members	14 474 264	14 630 600
Continuation Members	10 261 598	10 683 100
<b>Total Liability</b>	<b>24 735 862</b>	<b>25 313 700</b>

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

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2016 is estimated to be R1 136 227, whereas the cost for the ensuing year is estimated to be R1 195 272 (30 June 2015: R847 658 and R1 136 227 respectively).

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

Discount Rate	9%	9%
Health Care Cost Inflation Rate	8%	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 2016**

18. EMPLOYEE BENEFIT LIABILITIES (Continued)	2016 R	2015 R			
<b>18.1 Post-retirement Health Care Benefits Liability (Continued)</b>					
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>					
Balance at the beginning of the year	25 313 700	23 001 647			
Current service costs	1 136 227	847 658			
Interest cost	2 253 522	2 076 942			
Benefits paid	(768 756)	(702 264)			
Actuarial losses / (gains)	(3 198 831)	89 717			
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>24 735 862</b>	<b>25 313 700</b>			
<b>Total Recognised Benefit Liability</b>	<b>24 735 862</b>	<b>25 313 700</b>			
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>					
Present value of fund obligations	24 735 862	25 313 700			
Fair value of plan assets	-	-			
Present value of unfunded obligations	24 735 862	25 313 700			
Unfunded Accrued Liability	24 735 862	25 313 700			
<b>Total Benefit Liability</b>	<b>24 735 862</b>	<b>25 313 700</b>			
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>					
Current service cost	1 136 227	847 658			
Interest cost	2 253 522	2 076 942			
Actuarial losses / (gains)	(3 198 831)	89 717			
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 27)</b>	<b>190 918</b>	<b>3 014 317</b>			
<b>The history of experienced adjustments is as follows:</b>					
	2016 R	2015 R	2014 R	2013 R	2012 R
Present Value of Defined Benefit Obligation	24 735 862	25 313 700	23 001 647	20 266 000	17 370 090
Fair Value of Plan Assets	-	-	-	-	-
<b>Deficit</b>	<b>24 735 862</b>	<b>25 313 700</b>	<b>23 001 647</b>	<b>20 266 000</b>	<b>17 370 090</b>
Experienced adjustments on Plan Liabilities	(2 509 000)	235 000	1 788 000	-	(1 398 000)
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:					
<b>Increase:</b>					
Effect on the aggregate of the current service cost and the interest cost				333 500	367 400
Effect on the defined benefit obligation				2 063 000	2 360 000
<b>Decrease:</b>					
Effect on the aggregate of the current service cost and the interest cost				(383 100)	403 100
Effect on the defined benefit obligation				(2 312 000)	2 556 000
<b>18.2 Provision for Long Service Awards</b>					
Balance at beginning of year				4 774 000	3 888 885
Contributions to provision				244 910	1 469 115
Contribution (Benefits paid)				(282 804)	(584 000)
				4 736 106	4 774 000
Transfer to current provisions				(512 970)	(492 000)
<b>Balance at end of year</b>				<b>4 223 136</b>	<b>4 282 000</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

18. EMPLOYEE BENEFIT LIABILITIES (Continued)	2016 R	2015 R
<b>18.2 Provision for Long Service Awards (continued)</b>		
<b>Current Portion of Provision for Long Service Awards:</b>		
Balance at beginning of year	492 000	585 186
Transfer from non-current	303 774	492 000
Contribution (Benefits paid)	(282 804)	(585 186)
<b>Balance at end of year</b>	<b>512 970</b>	<b>492 000</b>

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. This plan is unfunded

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At 30 June 2016, 355 (2015: 375) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2016 is estimated to be R595,000 whereas the cost for the ensuing year is estimated to be R567,008 (30 June 2015: R390,164 and ensuing R595,000 respectively).

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

Discount Rate	9%	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	4 774 000	3 888 885
Current service costs	595 000	390 164
Interest cost	438 000	285 864
Benefits paid	(282 804)	(562 990)
Actuarial losses / (gains)	(788 090)	772 077
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>4 736 106</b>	<b>4 774 000</b>
<b>Total Recognised Benefit Liability</b>	<b>4 736 106</b>	<b>4 774 000</b>

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	4 736 106	4 774 000
Unfunded Accrued Liability	4 736 106	4 774 000
<b>Total Benefit Liability</b>	<b>4 736 106</b>	<b>4 774 000</b>

**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	595 000	390 164
Interest cost	438 000	285 864
Actuarial losses / (gains)	(788 090)	772 077
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 27)</b>	<b>244 910</b>	<b>1 448 105</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**18. EMPLOYEE BENEFIT LIABILITIES (Continued)**

**18.2 Provision for Long Service Awards (continued)**

The history of experienced adjustments is as follows:

	2016 R	2015 R	2014 R	2013 R	2012 R
Present Value of Defined Benefit Obligation	4 736 106	4 774 000	3 888 885	3 868 000	2 819 152
<b>Deficit</b>	<b>4 736 106</b>	<b>4 774 000</b>	<b>3 888 885</b>	<b>3 868 000</b>	<b>2 819 152</b>
Experienced adjustments on Plan Liabilities	(653 786)	846 192	68 797	-	118 317

	2016 R	2015 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	69 100	82 000
Effect on the defined benefit obligation	300 000	335 000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(61 900)	(73 000)
Effect on the defined benefit obligation	(271 000)	(303 000)

The municipality expects to make a contribution of R657 000 (2015: R657 000) 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	6 523 030	5 774 584
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The movement in Non-current Provisions are reconciled as follows:

Balance at beginning of year	6 744 200	5 774 583
Contributions to provision	(221 170)	2 518 935
Expenditure incurred	-	(1 549 318)
<b>Balance at end of year</b>	<b>6 523 030</b>	<b>6 744 200</b>
Transfer to current provisions	-	(157 200)
<b>Balance at end of year</b>	<b>6 523 030</b>	<b>6 587 000</b>

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation costs of R 6 744 200 (2015: R 6 587 000) to restore the site at the end of its useful life, estimated to be in 2016. 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 enduse for the landfill sites.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**19. PROVISIONS FOR REHABILITATION OF LAND-FILL SITES (Continued)**

**2016**                      **2015**  
**R**                                      **R**

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.

**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	5 529 456	5 537 484
Accumulated Surplus / (Deficit) due to the results of Operations	592 885 118	628 680 177
<b>Total Accumulated Surplus</b>	<b>603 414 574</b>	<b>639 217 661</b>

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

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.

**21. PROPERTY RATES**

	<b>Property Valuations</b>		<b>Actual Levies</b>	
	<b>June 2016</b>	<b>June 2015</b>	<b>June 2016</b>	<b>June 2015</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Residential	1 253 420 800	1 234 169 800	6 628 104	6 197 591
Commercial	459 085 946	459 218 400	1 597 159	5 509 269
Industrial	52 007 000	52 677 000	1 040 970	
Agricultural	2 039 833 500	2 031 246 000	2 696 723	2 537 689
State	467 549 400	461 693 300	9 177 972	5 620 666
Municipal	199 337 200	198 251 700	-	-
Exempted Properties	15 080 700	140 613 400	-	-
Multiple	145 441 554	17 222 300	339 796	209 714
<b>Total Property Rates</b>	<b>4 631 756 100</b>	<b>4 595 091 900</b>	<b>21 480 724</b>	<b>20 074 929</b>

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 2011. Interim valuations are processed on a 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.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**22. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED**

	2016 R	2015 R
National Equitable Share	43 279 000	40 950 000
Provincial Health Subsidies	1 418 867	815 094
Local Economic Development Office	200 200	-
Department of environmental affairs	500 000	2 000 000
Library Grant	1 557 000	1 557 000
Cacadu District Municipality Grant	496 000	375 000
SETA Training Grant	167 508	110 427
Department of Human Settlements	863 777	-
<b>Operational Grants</b>	<b>48 482 352</b>	<b>45 807 521</b>
<b>Conditional Grants</b>	<b>18 595 891</b>	<b>27 592 747</b>
National Government: FINANCE MANAGEMENT GRANT	1 800 000	1 963 741
National Government: MIG	13 341 000	18 125 000
National Government: MSIG	930 000	1 011 442
National Government: INEP	1 100 000	5 305 616
National Government: RBIG	223 396	-
National Government: EPWP	1 000 000	1 000 000
National Government: Water Affairs	-	186 948
Other Government: Fonteinbos	201 495	-
<b>Total Government Grants and Subsidies</b>	<b>67 078 243</b>	<b>73 400 268</b>

The conditions attached to the grants have been complied with for the year. The only conditions that have not been met relate to conditional grants received in prior years

**Operational Grants:**

**22.1 National: Equitable Share**

Balance unspent at beginning of year		
Current year receipts	43 279 000	40 950 000
Transferred to Revenue	(43 279 000)	(40 950 000)
Balance at end of year	-	-

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 R285.03 (2015: R239.59), 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	1 418 867	815 094
Transferred to Revenue	(1 418 867)	(815 094)
Balance at end of year	-	-

This 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.

**22.3 Local Government: Local Economic Development Office**

Current year receipts	200 200	229 275
Transferred to Revenue	(200 200)	(229 275)
Balance at end of year	-	-



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

22. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED (Continued)	2016 R	2015 R
<b>Operational Grants (Continued):</b>		
<b>22.4 Provincial Government: Department of environmental affairs</b>		
Balance unspent at beginning of year	-	-
Current year receipts	500 000	2 000 000
Transferred to Revenue	(500 000)	(2 000 000)
	<hr/>	<hr/>
Balance at end of year	-	-
<b>22.5 Local Government: Library Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 557 000	1 557 000
Transferred to Revenue	(1 557 000)	(1 557 000)
	<hr/>	<hr/>
Balance at end of year	-	-
<b>22.6 Local Government: Cacadu District Municipality Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	496 000	375 000
Transferred to Revenue	(496 000)	(375 000)
	<hr/>	<hr/>
Balance at end of year	-	-
<b>22.7 Local Government: SETA Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	167 508	110 427
Transferred to Revenue	(167 508)	(110 427)
	<hr/>	<hr/>
Balance at end of year	-	-
<b>22.8 Department of Human Settlements</b>		
Balance unspent at beginning of year	-	-
Current year receipts	863 777	-
Transferred to Revenue	(863 777)	-
	<hr/>	<hr/>
Balance at end of year	-	-
<b>Conditional Grants:</b>		
<b>22.9 Local Government: Water Affairs Grant</b>		
Balance unspent at beginning of year	888 108	952 433
Current year receipts	-	122 505
Conditions met - transferred to Revenue: Operating Expenses	-	(64 325)
VAT adjustment	-	(122 505)
	<hr/>	<hr/>
Conditions still to be met - transferred to Liabilities (see Note 15)	<b>888 108</b>	<b>888 108</b>
	<hr/> <hr/>	<hr/> <hr/>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

22. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED (Continued)	2016 R	2015 R
<b>Conditional Grants (Continued):</b>		
<b>22.10 National: FMG Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 800 000	1 800 000
Conditions met - transferred to Revenue: Operating Expenses	(872 385)	(1 337 056)
Conditions met - transferred to Revenue: Capital Expenses	(822 957)	(444 089)
VAT adjustment	(104 658)	(182 714)
Other adjustment	-	163 859
	<hr/>	<hr/>
Balance at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

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	-	-
Current year receipts	13 341 000	18 125 000
Conditions met - transferred to Revenue: Operating Expenses	(11 386)	(2 464 927)
Conditions met - transferred to Revenue: Capital Expenses	(12 110 537)	(7 833 246)
VAT adjustment	(1 219 077)	(1 324 340)
Recovery of funds for conditions met in prior years	-	(6 502 487)
	<hr/>	<hr/>
Balance at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

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.

**22.12 National: MSIG Funds**

Balance unspent at beginning of year	-	-
Current year receipts	930 000	934 000
Conditions met - transferred to Revenue: Operating Expenses	(883 211)	(973 244)
Conditions met - transferred to Revenue: Capital Expenses	(23 252)	(30 526)
VAT adjustment	(23 537)	(7 672)
Other adjustment	-	77 442
	<hr/>	<hr/>
Balance at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

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	1 100 000	500 000
Conditions met - transferred to Revenue: Capital Expenses	(1 097 767)	(4 654 049)
VAT adjustment	(2 233)	(651 567)
Other Adjustments	-	45 616
	<hr/>	<hr/>
Balance at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>22. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED (Continued)</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>Conditional Grants (Continued):</b>		
<b>22.14 National Government: EPWP</b>		
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to Revenue: Capital Expenses	(1 000 000)	(1 000 000)
	<u>-</u>	<u>-</u>

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 met - transferred to Revenue: Operating Expenses	(198 580)	-
Other Adjustments	(2 915)	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u><b>1 547 696</b></u>	<u><b>1 749 191</b></u>

No funds have been withheld.

**22.16 National: Regional Bulk Infrastructure (RBIG)**

Balance unspent at beginning of year	-	-
Current year receipts	223 396	-
Conditions met - transferred to Revenue: Capital Expenses	(223 396)	-
Balance at end of year	<u>-</u>	<u>-</u>

No funds have been withheld.

**22.17 Local Government: National Lottery Fund**

Balance unspent at beginning of year	2 000 000	2 000 000
Conditions still to be met - transferred to Liabilities (see Note 15)	<u><b>2 000 000</b></u>	<u><b>2 000 000</b></u>

**22.18 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2016), government grant funding is expected to increase over the forthcoming three financial years.

**23. SERVICE CHARGES**

Sale of Electricity	78 000 221	76 026 127
Sale of Water	16 036 698	15 074 080
Refuse Removal	3 841 949	3 689 974
Sewerage and Sanitation Charges	7 300 972	7 126 075
Other Service Charges	1 120 567	1 039 052
<b>Total Service Charges</b>	<u><b>106 300 407</b></u>	<u><b>102 955 308</b></u>

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 2016**

<b>24. RENTAL OF FACILITIES AND EQUIPMENT</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Rental Revenue from Amenities	81 435	68 867
Rental Revenue from Buildings	87 562	74 965
Rental Revenue from Halls	120 148	127 409
Rental Revenue from Land	73 866	76 495
Rental Revenue from Other Facilities	300 246	232 865
<b>Total Rental of Facilities and Equipment</b>	<b>663 257</b>	<b>580 601</b>

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

**25. INTEREST EARNED**

**External Investments:**

Bank Account	404 099	260 444
Investments	505 567	2 038 861
	<b>909 666</b>	<b>2 299 305</b>

**Outstanding Debtors:**

Outstanding Billing Debtors	5 290 102	4 658 806
	<b>5 290 102</b>	<b>4 658 806</b>

**Total Interest Earned**

	<b>6 199 768</b>	<b>6 958 111</b>
--	------------------	------------------

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

Investments accounts	909 666	2 299 305
Loans and Receivables	5 290 102	4 658 806
	<b>6 199 768</b>	<b>6 958 111</b>

**26. OTHER REVENUE**

Bulk Contributions	183 865	362 724
Insurance Claims	544 060	508 758
Printing, Stationary and Registration	-	295
Sundry Income	201 780	191 499
Tender Documents	40 442	29 781
Work done for private persons	395 722	615 046
Interdepartmental Charges	39 632	58 661
<b>Total Other Revenue</b>	<b>1 405 501</b>	<b>1 766 764</b>

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.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>27. EMPLOYEE RELATED COSTS</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Employee Related Costs - Salaries and Wages	57 409 283	50 607 771
Basic Salaries and Wages	53 475 126	50 607 771
Service Bonuses	3 934 157	-
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	12 366 328	11 462 573
Group Life	-	286 257
Medical	3 181 337	2 637 921
Pension	8 681 772	8 085 883
UIF	503 219	452 512
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 761 203	1 324 217
Allowances	1 761 203	1 324 217
Housing Benefits and Allowances	979 956	133 932
Overtime Payments	2 758 393	3 351 299
Performance Bonuses	525 469	269 676
Defined Benefit Plan Expense:	435 827	3 481 250
Current Service Cost	1 731 227	1 045 335
Interest Cost	2 691 522	2 031 774
Net Actuarial (gains)/losses recognised	(3 986 922)	404 141
<b>Total Employee Related Costs</b>	<b>76 236 459</b>	<b>70 630 718</b>
<b>Remuneration of Section 57 Employees:</b>		
<i><b>Remuneration of the Municipal Manager</b></i>		
Annual Remuneration	963 612	907 175
Performance Bonus	142 282	64 848
Car and Other Allowances	462 859	201 084
Company Contributions to UIF, Medical and Pension Funds	15 609	13 350
<b>Total</b>	<b>1 584 363</b>	<b>1 186 457</b>
<i><b>Remuneration of the Chief Financial Officer</b></i>		
Annual Remuneration	925 820	868 077
Performance Bonus	121 319	87 121
Car and Other Allowances	273 915	141 048
Company Contributions to UIF, Medical and Pension Funds	13 059	11 153
<b>Total</b>	<b>1 334 113</b>	<b>1 107 399</b>
<i><b>Remuneration of the Director: Technical Services</b></i>		
Annual Remuneration	591 637	559 027
Performance Bonus	114 335	58 083
Car and Other Allowances	431 174	141 084
Company Contributions to UIF, Medical and Pension Funds	118 960	-
<b>Total</b>	<b>1 256 106</b>	<b>758 194</b>
<b>28. REMUNERATION OF COUNCILLORS</b>		
Mayor	758 012	718 495
Councillors	3 206 618	2 923 370
Other Allowances (Cellular Phones, Housing, Transport, etc)	320 952	443 759
<b>Total Councillors' Remuneration</b>	<b>4 285 582</b>	<b>4 085 624</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	R	R
<b>28. REMUNERATION OF COUNCILLORS (continued)</b>		
<b>Remuneration of Councillors:</b>		
<i><b>In-kind Benefits</b></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.		
<b>29. DEPRECIATION AND AMORTISATION</b>		
Depreciation: Property, Plant and Equipment	41 063 807	40 949 936
Amortisation: Intangible Assets	17 470	9 811
Depreciation: Investment Property	-	11 760
<b>Total Depreciation and Amortisation</b>	<b>41 081 276</b>	<b>40 971 508</b>
<b>30. IMPAIRMENT LOSSES</b>		
<b>Impairment Losses Recognised:</b>	8 974 835	19 525 918
Receivables from Exchange Transactions	1 707 949	15 955 969
Receivables from Non-exchange Transactions	5 687 338	(2 321 030)
Bad debts written off not provided for	1 579 548	5 890 979
<b>Total Impairment Losses</b>	<b>8 974 835</b>	<b>19 525 918</b>
<b>31 BULK PURCHASES</b>		
Electricity	55 662 777	47 654 228
<b>Total Bulk Purchases</b>	<b>55 662 777</b>	<b>47 654 228</b>
<b>32. CONTRACTED SERVICES</b>		
Internal Audit	551 122	398 057
Security Services	3 296 599	2 593 531
<b>Total Contracted Services</b>	<b>3 847 721</b>	<b>2 991 588</b>
<b>33. GRANTS AND SUBSIDIES PAID</b>		
Subsidies paid to SPCA	18 000	18 000
Other	-	5 000
<b>Total Grants and Subsidies</b>	<b>18 000</b>	<b>23 000</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**34. GENERAL EXPENSES**

**2016**  
**R**                      **2015**  
**R**

Included in General Expenses are the following:

Adverts, Printing & Stationary	406 168	381 352
Affiliations & Subscriptions	202 052	751 694
Audit Committee	104 015	89 778
Audit Fees - External	4 001 358	4 093 268
Bank Charges	381 286	253 086
Celebration Of National Days	87 677	37 554
Chemicals	2 137 205	1 549 798
Consumables	138 117	118 885
Copiers And Fax Lease Payments	139 915	573 933
Copiers And Fax Maintenance	814 074	506 738
Entertainment - Public / Visitors	75 691	62 960
Environmental Grant expenditure	1 853 544	624 981
FMG Operating Expenditure	872 385	1 503 329
Fonteinbos Expenditure	198 580	-
General Expenses	804 289	1 913 459
Insurance - General	1 562 707	983 755
Legal Costs & Litigation	1 375 181	806 864
Levy - Seta Skills Development	656 458	564 956
Levy - Water Research Fund: Dwaf	122 970	235 732
Materials, Stores & Requiremnt	529 407	287 718
MSIG operating expenditure	891 460	1 050 686
Municipal Service Charges	9 551 925	14 649 833
Office Tea & Requirements	57 422	107 441
Postage	473 120	540 700
Prepaid Commission	547 270	469 643
Professional Fees	34 702	170 542
Provision For Landfill Sites	(151 484)	2 518 935
MIG operating expenditure	743 740	915 608
Publicity	123 949	120 887
LED grant expenditure	1 302 075	465 529
Stippends: Ward committee	826 999	75 202
Spu Project	92 365	49 063
Stock (gains) / losses	(20 463)	100 516
Telephones	2 352 453	2 098 662
Testing - Biological Samples	268 693	212 754
Training Courses	295 953	222 399
Travelling And Subsistence	964 842	1 010 254
Valuation Services	133 971	463 829
Work Done For Private Persons	647 681	666 494
Inter-Departmental Transfers	3 736 774	4 208 873
INEP operating expenditure	-	45 616
<b>Total General Expenses</b>	<b>39 336 526</b>	<b>45 503 306</b>

**Material Losses**

**16 493 615**                      **12 683 478**

Distribution Losses:

Electricity Losses

9 303 933

2 943 044

Water Losses

7 189 682

9 740 435

The amounts disclosed above for Electricity losses are as a result of illegal electricity connections and Water Losses are as a result of distribution losses.

No other extra-ordinary expenses were incurred.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**35. COMPARATIVE INFORMATION**

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

Account Heading/Transaction	Reason for Adjustment	Amount
<b>35.1 Accumulated Surplus/Deficit</b>		
Error in valuation calculation	Error	(2 942 451)
Incorrect application of accounting policy	Error	(553 100)
		<u>(3 495 551)</u>
Restatement of Employee related cost	Error	7 207 902
Restatement of General expenditure	Error	(651 446)
Restatement of Licences and Permits	Error	(23 542)
Restatement of Service Charges	Error	(87 092)
Restatement of Property Rates	Error	(28 204)
Restatement of Other Revenue	Error	(12 506)
Restatement of Repairs and Maintenance	Error	(344 654)
Restatement of Heritage Assets	Error	9 201 645
		<u>15 262 103</u>
<b>Total adjustment to Accumulated Surplus Balance</b>		<b><u>11 766 552</u></b>
<b>35.2 Employee Benefit Liabilities</b>		
Error in valuation calculation: Non current	Error	4 229 452
Error in valuation calculation: Current	Error	123 848
		<u>4 353 300</u>
<b>35.3 Non current assets held for sale</b>		
Incorrect application of accounting policy	Error	<u>(553 100)</u>
<b>35.4 Receivables from Exchange and Non Exchange transactions</b>		
Restatement of Exchange transactions	Error	(87 093)
Restatement of Non Exchange transactions	Error	(40 412)
		<u>(127 505)</u>
<b>35.5 Payables from Exchange and Non Exchange transactions</b>		
Restatement of Exchange payables	Error	<u>(763 134)</u>
<b>35.6 Property, Plant and Equipment</b>		
Restatement of Repairs and Maintenance and WIP	Error	<u>(344 654)</u>
<b>35.7 Heritage Assets</b>		
Restatement of Heritage Assets	Error	<u>9 201 645</u>

**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 Accumulated Surplus/Deficit**

The net impact of the correction of errors is reflected above. The impact on opening balance of prior year amounts to R1 634 263 and the impact on the closing balance of prior year is R3 495 549.

**36.2 Employee Benefit Liabilities**

It was noted that the prior year valuation of the provision for post retirement medical benefits had errors. Per the terms and conditions, In-service members will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement. However all subsidies are subject to a maximum of R 3,871.00 for the year ending 30 June 2016. The limit was not applied in prior year calculations and the restatement thus considers the impact on the valuation.



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**36 CORRECTION OF ERROR, CHANGES IN ACCOUNTING ESTIMATES AND POLICIES and RECLASSIFICATIONS (continued)**

**36.3 Non current assets held for sale**

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. During 2013/14 financial the value was incorrectly adjusted to the fair value which was higher than the carrying amount. The correction thus restates the amount to be in compliance with the accounting policy and GRAP standards

**36.4 Receivables from Exchange and Non Exchange transactions**

The restatement was performed on debtor balances where amounts were corrections made to debtors accounts related to prior years.

**36.5 Payables from Exchange and Non Exchange transactions**

Due to the late receipt of invoices, these amounts could not be processed in the prior year financial statements before submission to Auditor general.

**36.6 Property, Plant and Equipment**

In prior years an amount was incorrectly accounted for as additions to work in progress. Upon review, it was noted that item in question should have been expensed in the prior year due to the nature of the expense which does not improve or extend the useful life of the asset. It was merely maintenance

**36.7 Heritage Assets**

The municipality had its Heritage assets valued during year as a result of the transitional period ending 31 March 2015, thus the prior year was restated.

**36.8 Staff Bonus Provision**

It was noted that staff bonuses accrued has been incorrectly disclosed under Provisions and thus reclassified from Provisions to Accruals.

<b>37. CASH GENERATED BY OPERATIONS</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
(Deficit) / Surplus for the Year	(35 803 087)	(25 076 037)
Adjustment for:		
Investment income	(6 199 768)	(6 958 111)
Depreciation and Amortisation	41 081 276	40 971 508
Contribution to Impairment Provision	7 395 287	13 634 939
Losses / (Gains) on Disposal of Property, Plant and Equipment	161 087	(1 889 362)
Fines Accrual	(172 770)	(233 200)
Contribution to Provisions - current	354 552	(3 133 452)
Contribution to Provisions - Non-current	(697 936)	5 496 909
Fair value adjustment	-	(9 201 645)
<b>Operating surplus before working capital changes</b>	<b>6 118 641</b>	<b>13 611 549</b>
Decrease/(Increase) in Inventories	(6 397)	(1 076 807)
Decrease/(Increase) in Receivables	(6 067 153)	(12 222 330)
Increase/(Decrease) in Creditors	(1 401 876)	22 739 365
Increase/(Decrease) in Conditional Grants Liability	(201 496)	(4 824 323)
Increase/(Decrease) in VAT Payable	232 622	(4 956 159)
<b>Cash generated by / (utilised in) Operations</b>	<b>(1 325 659)</b>	<b>13 271 296</b>

**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	14 313 998	20 092 174
Unauthorised Expenditure current year	-	14 313 998
Approved by Council or condoned	-	(20 092 174)
<b>Unauthorised Expenditure awaiting authorisation</b>	<b>14 313 998</b>	<b>14 313 998</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
38. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)	R	R
<b>38.2 Fruitless and Wasteful Expenditure</b>		
Fruitless and wasteful expenditure was R 63 148 for the year (2015 - R nil).		
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	52 551	52 551
Fruitless and Wasteful Expenditure current year	63 148	-
	<b>115 699</b>	<b>52 551</b>
<b>38.3 Irregular Expenditure</b>		
Irregular expenditure to the value of R nil (2015 R nil) has been identified during the current year.		
Reconciliation of Irregular Expenditure:		
Opening balance	146 926	146 926
Irregular Expenditure current year	-	-
Written off by Council	-	-
	<b>146 926</b>	<b>146 926</b>
Internal investigations into the reasons for the irregular expenditure are underway, before the issues are handed over to legal to be dealt with further.		
<b>39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>39.1 Contributions to organised local government - SALGA</b>		
Council Subscriptions	35 900	838 218
Amount Paid - current year	(35 900)	(838 218)
	<b>-</b>	<b>-</b>
<b>39.2 Audit Fees</b>		
Current year Audit Fee	4 561 549	4 130 783
Amount Paid - current year	(4 561 549)	(4 130 783)
	<b>-</b>	<b>-</b>
<b>39.3 VAT</b>		
The net of VAT input payables and VAT output receivables are shown in Note 16. All VAT returns have been submitted by the due date throughout the year.		
<b>39.4 PAYE, Skills Development Levy and UIF</b>		
Current year Payroll deductions	9 048 104	4 915 810
Amount Paid - current year	(9 048 104)	(4 915 810)
	<b>-</b>	<b>-</b>
<b>39.5 Pension and Medical Aid Deductions</b>		
Current year Payroll deductions and Council Contributions	18 523 952	11 946 255
Amount Paid - current year	(18 523 952)	(11 946 255)
	<b>-</b>	<b>-</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**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:

<b>30 June 2016</b>	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
<b>Rates and Services</b>			
Councillor H Makoba	802	802	-
Councillor MB Mackelina	505	365	140
Councillor AR Knott-Craig	698	698	-
Councillor MB Meishik	1 493	-	1 493
Councillor AD Gradwell	1 294	1 294	-
Councillor TL Nonnies	4 463	-	4 463
Councillor DJ Coetzee	426	426	-
<b>Overpaid Allowances</b>			
Councillor A Booyesen	20 010	-	20 010
Councillor MB Meishik	1 634	-	1 634
	<b>31 324</b>	<b>3 584</b>	<b>27 740</b>
<b>30 June 2015</b>			
<b>Rates and Services</b>			
Councillor S Van Zyl	847	847	
Councillor IJ Van Zyl	952	952	
Councillor AR Knott-Craig	6 699	3 694	3 006
Councillor MB Meishik	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
<b>Overpaid Allowances</b>			
Councillor A Booyesen	27 936		27 936
Councillor AR Knott-Craig	1 747		1 747
<b>Total Councillor Arrear Consumer Accounts</b>	<b>68 237</b>	<b>15 488</b>	<b>52 749</b>

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

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

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.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

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

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 2015/16	Various occasions	Emergency in terms of Camdeboo Municipality SCM Policy	511 028
39(1)(a)(ii)	Year 2015/16	Various occasions	Sole provider of goods and services/Agents/ Limited suppliers within area.	2 925 326
39(1)(a)(v)	Year 2015/16	Various occasions	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.	2 141 903

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

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

**Electricity:**

		Lost Units	Cost per Kwh	Value
<b>30 June 2016</b>	Unaccounted Electricity Losses	11 662 465	0.80	9 303 933
<b>30 June 2015</b>	Unaccounted Electricity Losses	5 163 234	0.57	2 943 044

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 8 838 736 (2015: R 2 975 892) and 5% are non-technical losses which amounts to R 465 197 (2015: R 147 152)

**Water:**

		Lost Units	Tariff	Value
<b>30 June 2016</b>	Unaccounted Water Losses	1 277 031	5.63	7 189 682
<b>30 June 2015</b>	Unaccounted Water Losses	1 742 475	5.59	9 740 435

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 6 830 198 (2015: R 9 247 042) and 5% are non-technical losses which amounts to R 359 484 (2015: R 493 393)

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

40. COMMITMENTS FOR EXPENDITURE	2016 R	2015 R
<b>40.1 Capital Commitments</b>		
Commitments in respect of Capital Expenditure:		
- <b>Approved and Contracted for:</b>	<b>51 995 686</b>	<b>17 531 467</b>
Infrastructure	51 995 686	11 932 476
Community	-	4 658 077
Other	-	940 914
<b>Total Capital Commitments</b>	<b>51 995 686</b>	<b>17 531 467</b>
This expenditure will be financed from:		
Government Grants	46 483 064	7 803 483
Own Resources	5 512 622	9 727 984
	<b>51 995 686</b>	<b>17 531 467</b>

**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:

<b>Other Equipment:</b>	1 197 044	-
Up to 1 year	168 190	-
2 to 5 years	1 028 854	-
More than 5 years	-	-
<b>Total Operating Lease Arrangements</b>	<b>1 197 044</b>	<b>-</b>

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

Operating expenditure	663 896	573 933
<b>Total Operating Lease Expenses</b>	<b>663 896</b>	<b>573 933</b>

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

- Office Equipment

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

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

**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>		
<b>Receivables from Exchange Transactions</b>			
Electricity	Amortised cost	5 396 326	11 925 541
Refuse	Amortised cost	6 487 219	5 388 534
Sewerage	Amortised cost	13 663 729	12 336 960
Water	Amortised cost	30 101 952	23 798 173
Other Receivables	Amortised cost	5 530 172	5 077 902

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

41. FINANCIAL INSTRUMENTS (continued)		2016	2015
		R	R
<b>41.1 Classification (continued)</b>			
<b><u>Financial Assets</u></b>	<b><u>Classification</u></b>		
<b>Receivables from Non-exchange Transactions</b>			
Assessment Rates Debtors	Amortised cost	113 392	4 520 626
Payments made in Advance	Amortised cost	603 217	603 217
Sundry Deposits	Amortised cost	100 900	100 000
Sundry Debtors	Amortised cost	2 704 467	1 953 145
Credit Debtors balances	Amortised cost	1 338 867	553 089
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	934 040	21 597 298
Bank Balances	Amortised cost	771 889	(219 770)
Cash Floats and Advances	Amortised cost	2 240	2 000
<b>SUMMARY OF FINANCIAL ASSETS</b>			
Receivables from Exchange Transactions	Electricity	5 396 326	11 925 541
Receivables from Exchange Transactions	Refuse	6 487 219	5 388 534
Receivables from Exchange Transactions	Sewerage	13 663 729	12 336 960
Receivables from Exchange Transactions	Water	30 101 952	23 798 173
Receivables from Exchange Transactions	Other Debtors	5 530 172	5 077 902
Receivables from Non-exchange Transactions	Assessment Rates Debtors	113 392	4 520 626
Receivables from Non-exchange Transactions	Payments made in Advance	603 217	603 217
Receivables from Non-exchange Transactions	Sundry Deposits	100 900	100 000
Receivables from Non-exchange Transactions	Sundry Debtors	2 704 467	1 953 145
Receivables from Non-exchange Transactions	Credit Debtors balances	1 338 867	553 089
Cash and Cash Equivalents	Call Deposits	934 040	21 597 298
Cash and Cash Equivalents	Bank Balances	771 889	(219 770)
Cash and Cash Equivalents	Cash Floats and Advances	2 240	2 000
<b>Total Financial Assets</b>		<b>67 748 410</b>	<b>87 636 715</b>

**FINANCIAL LIABILITIES:**

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

<b><u>Financial Liabilities</u></b>	<b><u>Classification</u></b>		
<b>Consumer Deposits</b>	Amortised cost	2 144 581	2 133 554
<b>Payables from Exchange Transactions</b>			
Trade Creditors	Amortised cost	11 547 327	14 987 450
Accruals	Amortised cost	2 608 160	78 231
Retentions	Amortised cost	37 932	37 932
Other Creditors	Amortised cost	5 645 899	5 239 739
Staff Leave Accrued	Amortised cost	4 414 611	3 789 371
Credit debtors balances	Amortised cost	1 684 036	1 087 275
<b>Payables from Non-exchange Transactions</b>			
Credit debtors balances	Amortised cost	1 338 867	553 089
Workmans compensation	Amortised cost	170 929	458 026

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**41. FINANCIAL INSTRUMENTS (Continued)**

**2016**                      **2015**  
**R**                                      **R**

**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:

Debt	71 991 756	74 068 491
Cash and Cash Equivalents	(1 708 169)	(21 599 298)
Net Debt	70 283 587	52 469 193
Equity	603 414 579	639 217 661
<b>Net debt to equity ratio</b>	<b>12%</b>	<b>8%</b>

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

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

**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 internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

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

Further quantitative disclosures are included throughout these Annual Financial Statements.

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.

#### **41. FINANCIAL INSTRUMENTS (Continued)**

##### **41.4 Significant Risks**

###### **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.

###### **41.5.1 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.

###### **41.5.2 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:



#### **41. FINANCIAL INSTRUMENTS (Continued)**

##### **41.5.2 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 2016 would have increased / decreased by R 112 656 (30 June 2015: increased / decreased by R nil). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

##### **41.6 Credit Risk Management**

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

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, 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 Investec, 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 this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

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

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

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

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

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

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

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.6 Credit Risk Management (Continued)**

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 2016		30 June 2015	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
National Public Works	-	1 737 876	-	3 661 833
Alliance Internet	-	1 402 540	-	1 533 916
Department of Health	-	528 251	-	337 990
Montego Pet Nutrition	-	441 958	-	662 290
Mr B Roman - Urqhart Park	-	350 760	-	254 044

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

Consumer Debtors	20 177 811	18 636 711
Other Debtors	19 010 598	16 192 494
Bank, Cash and Cash Equivalents	1 708 169	21 379 528
<b>Maximum Credit and Interest Risk Exposure</b>	<b>40 896 578</b>	<b>56 208 733</b>

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

	%	%
Consumer Debtors:		
- Household	154%	209%
- Industrial / Commercial	14%	20%
- National and Provincial Government	16%	35%
Other Debtors:		
- Other not Classified	5%	3%
<b>Total Credit Risk</b>	<b>189%</b>	<b>267%</b>

**Bank and Cash Balances**

ABSA Bank Ltd	20 469	820 886
Standard Bank	-	10 190 319
Investec	2 938	2 938
First National Bank	1 682 522	10 363 385
Cash Equivalents	2 240	2 000
<b>Total Bank and Cash Balances</b>	<b>1 708 169</b>	<b>21 379 528</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.7 Liquidity Risk Management**

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

**Liquidity and Interest Risk Tables**

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

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

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>30 June 2016</b>								
Non-interest Bearing		0.00%	28 741 791	28 741 791	-	-	-	-
- Payables from Exchange transactions			25 937 965	25 937 965	-	-	-	-
- Payables from Non-exchange transactions			2 803 826	2 803 826	-	-	-	-
			<b>28 741 791</b>	<b>28 741 791</b>	-	-	-	-
<b>30 June 2015</b>								
Non-interest Bearing		0.00%	30 143 667	30 143 667	-	-	-	-
- Payables from Exchange transactions			27 627 181	27 627 181	-	-	-	-
- Payables from Non-exchange transactions			2 516 486	2 516 486	-	-	-	-
			-	-	-	-	-	-
			<b>30 143 667</b>	<b>30 143 667</b>	-	-	-	-

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.7 Liquidity Risk Management**

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

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>30 June 2016</b>								
Non-interest Bearing		0.00%	25 040 894	25 040 894	-	-	-	-
- Trade Receivables from Exchange Transactions			20 177 811	20 177 811	-	-	-	-
- Trade Receivables from Non-exchange Transactions			4 860 843	4 860 843	-	-	-	-
- Cash and Cash Equivalents			2 240	2 240	-	-	-	-
Variable Interest Rate Instruments		0.00%	1 705 929	1 705 929	-	-	-	-
- Call Deposits			934 040	934 040	-	-	-	-
- Bank Account			771 889	771 889	-	-	-	-
			<b>26 746 823</b>	<b>26 746 823</b>	-	-	-	-
<b>30 June 2015</b>								
Non-interest Bearing		0.00%	33 683 447	33 683 447	-	-	-	-
- 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			2 000	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)	-	-	-	-
			<b>55 060 975</b>	<b>55 060 975</b>	-	-	-	-

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.8 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 2016**

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	6		934 040	934 040	-	-	-	-
Bank Balances and Cash	6		774 129	774 129	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>1 708 169</b>	<b>1 708 169</b>	-	-	-	-

**30 June 2015**

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

**41.9 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 2016**

**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
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 (Merwede Guesthouse)
Rory Boggenpoel	Manager: SCM & Assets	RGB Ithemba - Owner
Hildegard Wessels	HR Officer: Recruitment	Camdeboo Funeral Services - Director/Partner
Ivor Berrington	Director: Technical Services	Berrington Family Trust & Uitkoms Trust - Trustee
Melanie Berrington	Administrative Officer	Berrington Family Trust & Uitkoms Trust - Trustee
Colin Abels	Health Practitioner	Welkom Yizani - Shareholder

**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
<b>For the Year ended 30 June 2016</b>				
Councillors	27 112	116 106	49 474	29 931
Municipal Manager and Section 57 Personnel	4 067	36 998	50 531	-
<b>Total Services</b>	<b>31 178</b>	<b>153 104</b>	<b>100 006</b>	<b>29 931</b>
<b>For the Year ended 30 June 2015</b>				
Councillors	19 285	98 497	66 218	59 785
Municipal Manager and Section 57 Personnel	3 544	26 046	30 977	2 765
<b>Total Services</b>	<b>22 829</b>	<b>124 544</b>	<b>97 195</b>	<b>62 550</b>

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

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

**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 2016	Purchases for the Year 2015
Tinnus Minnie Electrical	Maryna Minnie	Spouse	Official	-	74 353
Electrical Motor Rewinders	Clive Warner	Son	Official	202 943	146 523
<b>Total Purchases</b>				<b>202 943</b>	<b>220 876</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**42. RELATED PARTY TRANSACTIONS (Continued)**

**2016**                      **2015**  
**R**                                      **R**

**42.3 Purchases from Related Parties (Continued)**

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.

**42.4 Payables from Related Parties**

Company Name	Related Person	Company Capacity	Municipal Capacity	Payables for the Year 2016	Payables for the Year 2015
Tinnus Minnie Electrical	Maryna Minnie	Spouse	Official	-	-
Electrical Motor Rewinders	Clive Warner	Son	Official	34 265	-
				<u>34 265</u>	<u>-</u>

**43. CONTINGENT LIABILITIES**

**43.1 Guarantees:**

**946 276**                      **946 276**

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 quarries.

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 that the is due and payable by Camdeboo Local Municipality in respect of agreement which has to be concluded between Eskom and Camdeboo.

886 276                                      886 276

**43.2 Court Proceedings:**

**94 491**                      **202 000**

(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 Willemse for the training. The outcome of the case seems to be that CB Willemse is not proceeding with same.

5 815                                      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. Provision for balance of legal costs resulting from lodgment and finalization of High Court Application for appropriate declaratory and other relief and cost resulting from insolvency interrogations initiated by liquidators. Counsel's cost was paid recently R500,000 payable by CLM in accordance with clauses 5 and 6 of Court Order (by consent) as compensation for improvements. "Value for money" principal was adhered to complied with.High Court Application for declaratory relief confirming that agreement has terminated and Amatenda (in liquidation) has lost the right to develop the property and for further appropriate relief was finalized by way of Court Order (by consent) dated 26-1-16. The said order also brought the insolvency interrogations to a final end.

-    180 000

(iv) Juno Beach Trading 2cc

High Court Application for interim interdict pending review application.  
 Main review application for an Order reviewing and setting aside the decision of CLM to award tender no 34/2015 (Provision of managed printing solution) to BIZTECH Consultants

51 676                                      -

(v) Richard V Rensburg

Richard van Rensburg brought a High Court Application in terms of "PAIA" for an order directing CLM to deliver documentation pertaining to a Mining right on Erf 1814, Graaff-Reinet existing and previous lease agreements in respect of Erf 1814 and further related documents.

15 000                                      -

(vi) SALA Pension Fund ("SALA")

"SALA" delivered a Notice in terms of Section 3 of Act 40 of 2002 in respect of deceased member JJ Adams claiming damages resulting from an alleged failure by CLM to timeously notify "SALA" of a claim in order for them to timeously notify the underwriter

6 000                                      -

**44. IN-KIND DONATIONS AND ASSISTANCE (Continued)**

**2015/16**

The municipality did not receive any 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

**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**

**Disestablishment of Camdeboo Municipality in terms of S12:**

On 14 July 2016, the Executive Council responsible for the Local Government in Province of the Eastern Cape, acted in terms of Sections 12, 14 and 17 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) as amended, disestablished Baviaans, Camdeboo and Ikwezi Local Municipalities and established Dr. Beyers Naude Local Municipality, effective 6 August 2016.

**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 14 July 2016, the Executive Council responsible for the Local Government in Province of the Eastern Cape, acted in terms of Sections 12, 14 and 17 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) as amended, disestablished Baviaans, Camdeboo and Ikwezi Local Municipalities and established Dr. Beyers Naude Local Municipality, effective 6 August 2016. Since the municipality will be merged, the functions of the Camdeboo Municipality will continue as normal through the Dr. Beyers Naude Local Municipality and thus preparing the financial statements on a going concern basis is appropriate.



**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
<b>Land and Buildings</b>												
<i>Land:</i>												
<b>Re-classification</b>	-	-	-	-	-	-	-	-	-	-	-	-
Land: Developed	9 745 730	-	-	-	-	9 745 730	-	-	-	-	-	9 745 730
Land: Undeveloped	87 754 750	-	-	-	-	87 754 750	-	-	-	-	-	87 754 750
	97 500 480	-	-	-	-	97 500 480	-	-	-	-	-	97 500 480
<i>Buildings:</i>												
<b>Re-classification</b>	-	-	-	-	-	-	-	-	-	-	-	-
Stores	210 800	-	-	-	-	210 800	181 439	3 198	-	-	184 637	26 163
Houses	77 200	-	-	-	-	77 200	41 184	2 573	-	-	43 757	33 443
Office Buildings	8 061 931	564 240	-	352 800	-	8 978 971	5 470 832	207 109	270 504	-	5 948 445	3 030 526
Office Parks	13 854 670	350 674	-	-	-	14 205 344	11 649 168	173 085	-	-	11 822 253	2 383 090
	22 204 601	914 914	-	352 800	-	23 472 315	17 342 623	385 966	270 504	-	17 999 093	5 473 222
	<b>119 705 081</b>	<b>914 914</b>	-	<b>352 800</b>	-	<b>120 972 795</b>	<b>17 342 623</b>	<b>385 966</b>	<b>270 504</b>	-	<b>17 999 093</b>	<b>102 973 702</b>
<b>Infrastructure</b>												
<b>Re-statement</b>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Airports:</i>												
Aprons	2 540 624	-	-	-	-	2 540 624	1 016 154	45 134	-	-	1 061 288	1 479 336
Radio Beacons	38 998	-	-	-	-	38 998	22 267	1 019	-	-	23 286	15 712
Radio Beacons	6 604 805	-	-	-	-	6 604 805	695 656	239 934	-	-	935 590	5 669 215
Runways	12 301 994	-	-	-	-	12 301 994	3 970 172	278 646	-	-	4 248 818	8 053 176
<i>Electricity:</i>												
Sundries	141 877	-	-	-	-	141 877	26 423	7 094	-	-	33 516	108 361
Meters	6 815 236	-	-	-	-	6 815 236	4 380 627	671 707	-	-	5 052 334	1 762 902
Substations	32 656 512	-	-	-	-	32 656 512	13 399 460	947 720	-	-	14 347 181	18 309 331
Supply and Reticulation	-	-	-	-	-	-	-	-	-	-	-	-
Transformers	10 367 616	-	-	-	-	10 367 616	1 460 223	259 190	-	-	1 719 414	8 648 203
High Voltage Lines	75 706 604	1 159 831	-	-	-	76 866 435	33 710 150	2 092 970	-	-	35 803 120	41 063 315
Low voltage Lines	58 802 734	1 722 688	-	-	-	60 525 422	34 599 158	2 485 762	-	-	37 084 920	23 440 502
<i>Roads and Transport:</i>												
Bridges, Subways and Culverts	20 199 182	-	-	-	-	20 199 182	9 042 264	256 343	-	-	9 298 607	10 900 575
Roads: Asphalt	232 963 765	614 467	969 611	2 098 342	(467 943)	236 178 244	132 901 883	7 959 018	-	(365 674)	140 495 227	95 683 016
Roads: Paved	40 456 363	25 231	-	86 161	-	40 567 755	21 322 671	1 013 722	-	-	22 336 394	18 231 361
Stormwater	21 038 102	497 037	-	289 336	-	21 824 475	10 783 275	350 835	-	-	11 134 110	10 690 366
Streetname Signs	1 847 383	-	96 751	-	-	1 944 133	1 048 152	102 781	-	-	1 150 933	793 200

**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
<i>Sanitation:</i>												
Compacting Stations	6 997 316	-	320 896	-	-	7 318 212	158 128	152 579	-	-	310 708	7 007 504
Landfill Sites	6 647 284	-	-	-	-	6 647 284	1 507 700	124 653	-	-	1 632 354	5 014 930
<i>Sewerage:</i>												
Bulk Pipelines	66 641	-	-	-	-	66 641	33 134	2 221	-	-	35 355	31 285
Pumping Stations	15 982 392	467 095	-	378 874	(256 225)	16 572 135	4 675 249	864 981	-	(122 167)	5 418 064	11 154 071
Purification Works	66 836 864	518 099	7 315 053	-	-	74 670 017	34 131 977	1 728 859	-	-	35 860 836	38 809 181
Sewers / Reticulation	320 457 311	4 010 848	-	1 970 649	-	326 438 808	268 273 494	6 409 146	-	-	274 682 640	51 756 167
<i>Water:</i>												
Boreholes	14 901 540	-	-	872 133	-	15 773 672	7 515 227	582 362	-	-	8 097 589	7 676 083
Bulk Supply	407 965	-	304 596	-	-	712 560	61 251	20 398	-	-	81 649	630 912
Dams	82 872 539	344 461	-	298 019	-	83 515 019	33 527 607	1 996 749	-	-	35 524 356	47 990 663
Pumping Stations	61 630 480	-	-	141 146	-	61 771 626	23 678 395	3 567 277	-	-	27 245 672	34 525 954
Purification Plant	14 139 094	-	-	-	-	14 139 094	5 681 963	438 070	-	-	6 120 033	8 019 062
Supply and Reticulation	135 637 841	-	48 169	-	-	135 686 010	96 591 816	3 230 059	-	-	99 821 874	35 864 136
	<b>1 249 059 061</b>	<b>9 359 757</b>	<b>9 055 076</b>	<b>6 134 661</b>	<b>(724 168)</b>	<b>1 272 884 387</b>	<b>744 214 476</b>	<b>35 829 232</b>	<b>-</b>	<b>(487 841)</b>	<b>779 555 867</b>	<b>493 328 520</b>
<b>Community Assets</b>												
<b>Re-classification</b>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Recreational Facilities:</i>												
Museums and Art Galleries	141 100	-	-	-	-	141 100	132 941	2 822	-	-	135 763	5 337
Work of Art	-	-	-	-	-	-	-	-	-	-	-	-
Parks - Inf	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Centres	2 046 565	-	-	-	-	2 046 565	1 998 968	9 512	-	-	2 008 481	38 084
<i>Sports Facilities:</i>												
Stadiums	5 110 600	3 760 078	-	-	-	8 870 678	3 561 098	156 977	-	-	3 718 075	5 152 603
<i>Other Facilities:</i>												
Community Centres	11 219 000	129 600	-	-	-	11 348 600	9 232 566	157 817	-	-	9 390 383	1 958 217
Libraries	-	-	-	-	-	-	-	-	-	-	-	-
Cemetries	3 888 674	-	-	-	-	3 888 674	-	9 589	-	-	9 589	3 879 086
Municipal Pounds	-	-	-	-	-	-	-	-	-	-	-	-
	<b>22 405 939</b>	<b>3 889 678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26 295 617</b>	<b>14 925 573</b>	<b>336 717</b>	<b>-</b>	<b>-</b>	<b>15 262 291</b>	<b>11 033 326</b>

**APPENDIX A (UNAUDITED)**  
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**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
<b>Housing</b>												
Housing Schemes	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Leased Assets</b>												
Motor Cars	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>												
<b>Re-classifications</b>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Computer Equipment:</i>												
Computer Hardware	2 028 114	339 378	-	-	-	2 367 492	782 375	361 621	-	-	1 143 996	1 223 496
Computer Networks	843 627	-	-	-	-	843 627	702 563	81 463	-	-	784 026	59 601
<i>Furniture and Fittings:</i>												
Office Furniture	151 091	172 033	-	-	-	323 124	30 930	34 084	-	-	65 014	258 110
Other Furniture	2 425 810	-	-	-	-	2 425 810	2 103 603	103 017	-	-	2 206 619	219 190
<i>Motor Vehicles:</i>												
Motor Cars	24 991 139	1 460 000	-	-	-	26 451 139	15 103 277	2 341 272	-	-	17 444 549	9 006 590
Motor Cycles	102 036	-	-	-	-	102 036	99 010	1 008	-	-	100 019	2 017
Trailers	2 207 173	-	-	-	-	2 207 173	1 624 534	110 356	-	-	1 734 891	472 283
<i>Office Equipment:</i>												
Air Conditioners	762 950	64 685	-	-	-	827 635	484 685	84 943	-	-	569 627	258 008
Audiovisual Equipment	27 721	-	-	-	-	27 721	22 675	1 344	-	-	24 019	3 702
Domestic Equipment	32 515	-	-	-	-	32 515	18 542	2 275	-	-	20 817	11 698
Office Machines	745 426	-	-	-	-	745 426	513 855	85 894	-	-	599 749	145 678
<i>Plant and Equipment:</i>												
Laboratory Equipment	568 144	-	-	-	-	568 144	365 482	87 914	-	-	453 396	114 748
Lathes	12 934	-	-	-	-	12 934	7 788	1 484	-	-	9 272	3 662
Lawnmowers	1 729 521	-	-	-	-	1 729 521	867 275	258 850	-	-	1 126 125	603 396
Machinery	64 910	-	-	-	-	64 910	39 982	3 802	-	-	43 783	21 126
Other Plant and Equipment	6 071 968	321 030	-	-	-	6 393 268	2 128 531	689 073	-	-	2 817 603	3 575 664
Pulverising Mills	-	-	-	-	-	-	-	-	-	-	-	-
Pumps and Plumbing Equipment	1 627 633	-	-	-	-	1 627 633	167 615	169 641	-	-	337 255	1 290 377
Radio Equipment	896 184	67 143	-	-	-	963 327	807 997	50 511	-	-	858 507	104 819
<i>Other Assets:</i>												
Access Controls	297 249	-	-	-	-	297 249	232 540	43 341	-	-	275 881	21 369
	<b>45 586 146</b>	<b>2 424 269</b>	-	-	-	<b>48 010 685</b>	<b>26 103 257</b>	<b>4 511 892</b>	-	-	<b>30 615 149</b>	<b>17 395 536</b>
<b>Total</b>	<b>1 436 756 226</b>	<b>16 588 618</b>	<b>9 055 076</b>	<b>6 487 461</b>	<b>(724 168)</b>	<b>1 468 163 483</b>	<b>802 585 929</b>	<b>41 063 807</b>	<b>270 504</b>	<b>(487 841)</b>	<b>843 432 399</b>	<b>624 731 084</b>

CAMDEBOO MUNICIPALITY

**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
<b>ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2016</b>												
Description	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R
Investment Properties												
Land	105 700	-	-	(105 700)	-	-	-	-	-	-	-	-
Buildings	352 800	-	-	(352 800)	-	-	258 744	11 760	(270 504)	-	0	(0)
	-	-	-	-	-	-	-	-	-	-	-	-
	<b>458 500</b>	<b>-</b>	<b>-</b>	<b>(458 500)</b>	<b>-</b>	<b>-</b>	<b>258 744</b>	<b>11 760</b>	<b>(270 504)</b>	<b>-</b>	<b>0</b>	<b>(0)</b>

**CAMDEBOO MUNICIPALITY**  
**ANALYSIS OF INTANGIBLE ASSETS 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
Intangible Assets												
Computer Software	46 894	44 866	-	-	-	91 760	29 734	17 471	-	-	47 205	44 556
Servitudes	-	-	-	-	-	-	-	-	-	-	-	-
Spatial Development Plan	-	-	-	-	-	-	-	-	-	-	-	-
Valuation Roll	-	-	-	-	-	-	-	-	-	-	-	-
	<b>46 894</b>	<b>44 866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91 760</b>	<b>29 734</b>	<b>17 471</b>	<b>-</b>	<b>-</b>	<b>47 205</b>	<b>44 556</b>

**CAMDEBOO 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	
	R	R	R	R	R	R	R	R	R	R	R	R
Heritage Assets												
Buildings of cultural significance	4 039 340	-	-	-	-	4 039 340	-	-	-	-	-	4 039 340
Historical Sites	1 134 614	-	-	-	-	1 134 614	-	-	-	-	-	1 134 614
National Monuments	1 358 118	-	-	-	-	1 358 118	-	-	-	-	-	1 358 118
Municipal Jewelry	632 430	-	-	-	-	632 430	-	-	-	-	-	632 430
Museum	1 343 391	-	-	-	-	1 343 391	-	-	-	-	-	1 343 391
Paintings	-	-	-	-	-	-	-	-	-	-	-	-
Public Statues	2 943 243	-	-	-	-	2 943 243	-	-	-	-	-	2 943 243
	<b>11 451 136</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 451 136</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 451 136</b>
<b>Total Asset Register</b>	<b>1 448 712 756</b>	<b>16 633 484</b>	<b>9 055 076</b>	<b>6 028 961</b>	<b>(724 168)</b>	<b>1 479 706 379</b>	<b>802 874 407</b>	<b>41 093 037</b>	<b>0</b>	<b>(487 841)</b>	<b>843 479 604</b>	<b>636 226 775</b>

**APPENDIX B (UNAUDITED)**  
**CAMDEBOO MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 June 2016**

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Accumulated Depreciation / Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	4 606 060	65 424	48 088	-	(2 309)	4 717 263	2 559 542	131 003	-	(1 555)	2 688 990	-	-	-	-	-	2 608 154	106 734	(7 589)	2 707 299	2 009 964
Finance and Administration	212 797 419	3 022 556	2 221 616	-	(106 657)	217 934 934	118 249 414	6 052 289	-	(71 850)	124 229 852	-	-	-	-	-	118 249 414	6 052 289	(71 850)	124 229 852	93 705 081
Planning and Development	14 356 066	203 912	89 973	-	(7 195)	14 642 756	7 977 523	408 309	-	(4 847)	8 380 985	-	-	-	-	-	7 977 523	408 309	(4 847)	8 380 985	6 261 771
Health	1 150 632	16 343	12 013	-	(577)	1 178 411	639 395	32 726	-	(389)	671 732	-	-	-	-	-	639 395	32 726	(389)	671 732	506 679
Community and Social Services	83 895 569	1 191 646	875 874	-	(42 050)	85 921 038	46 619 935	2 386 120	-	(28 327)	48 977 728	-	-	-	-	-	46 619 935	2 386 120	(28 327)	48 977 728	36 943 310
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	12 355 205	118 007	164 613	-	(26 920)	12 610 905	6 865 665	351 401	-	(4 172)	7 212 894	-	-	-	-	-	6 865 665	351 401	(4 172)	7 212 894	5 398 010
Sport and Recreation	16 500 016	234 365	172 261	-	(35 951)	16 870 691	9 168 895	469 286	-	(5 571)	9 632 610	-	-	-	-	-	9 168 895	469 286	(5 571)	9 632 610	7 238 081
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	277 397 621	3 940 132	2 896 045	-	(139 036)	284 094 762	154 147 106	7 889 619	-	(93 663)	161 943 062	-	-	-	-	-	154 147 106	7 889 619	(93 663)	161 943 062	122 151 701
Roads and Transport	322 331 206	4 635 850	2 786 119	-	(113 149)	329 640 026	179 116 253	9 167 599	-	(108 834)	188 175 018	-	-	-	-	-	179 116 253	9 167 599	(108 834)	188 175 018	141 465 008
Water	313 893 434	4 458 516	3 277 063	-	(157 328)	321 471 685	174 427 467	8 927 616	-	(105 985)	183 249 098	-	-	-	-	-	174 427 467	8 927 616	(105 985)	183 249 098	138 222 587
Electricity	185 540 856	2 635 407	1 937 056	-	(92 996)	190 020 322	103 103 213	5 277 070	-	(62 647)	108 317 635	-	-	-	-	-	103 103 213	5 277 070	(62 647)	108 317 635	81 702 687
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1 444 824 082</b>	<b>20 522 158</b>	<b>14 480 720</b>	<b>-</b>	<b>(724 168)</b>	<b>1 479 102 793</b>	<b>802 874 407</b>	<b>41 093 037</b>	<b>-</b>	<b>(487 841)</b>	<b>843 479 604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>802 923 019</b>	<b>41 068 768</b>	<b>(493 875)</b>	<b>843 497 912</b>	<b>635 604 880</b>

**APPENDIX C (UNAUDITED)  
CAMDEBOO MUNICIPALITY**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

2015 Actual Income	2015 Actual Expenditure	2015 Surplus/ (Deficit)	Description	Vote Number	2016 Actual Income	2016 Budgeted Income	2016 Actual Expenditure	2016 Budgeted Expenditure	2016 Surplus/ (Deficit)
R	R	R			R	R	R	R	R
2 556 941	17 143 685	(14 586 744)	Executive and Council		2 477 556	2 519 728	19 235 776	21 965 239	(16 758 220)
80 025 794	26 982 545	53 043 249	Finance and Administration		73 086 280	77 142 316	23 798 395	34 645 299	49 287 885
-	1 001 912	(1 001 912)	Planning and Development		200 200	-	1 223 725	1 457 577	(1 023 525)
815 094	1 854 490	(1 039 396)	Health		1 418 867	1 166 449	2 189 061	2 277 758	(770 194)
1 702 358	2 272 485	(570 127)	Community and Social Services		1 762 002	1 831 550	2 499 303	2 995 158	(737 301)
4 270	(6 575)	10 845	Housing		1 069 002	668 826	(1 374 492)	664 127	2 443 494
2 562 829	4 838 280	(2 275 451)	Public Safety		2 720 162	4 020 613	5 113 825	6 026 995	(2 393 663)
68 871	11 640 890	(11 572 019)	Sport and Recreation		81 435	74 619	13 172 710	14 235 716	(13 091 275)
-	-	-	Environmental Protection		-	-	-	-	-
32 349 564	51 253 236	(18 903 672)	Waste Management		25 027 331	30 453 438	38 525 022	46 151 617	(13 497 691)
470 015	14 329 871	(13 859 856)	Roads and Transport		614 882	331 801	15 873 967	18 022 053	(15 259 085)
15 465 212	31 659 555	(16 194 343)	Water		16 047 690	28 826 542	28 284 803	29 660 458	(12 237 113)
82 020 312	69 346 177	12 674 135	Electricity		79 593 434	90 344 725	78 943 066	79 508 555	650 368
1 050 588	11 851 333	(10 800 745)	Other		1 317 717	1 422 026	13 734 484	13 846 218	(12 416 767)
<b>219 091 848</b>	<b>244 167 885</b>	<b>(25 076 036)</b>	Sub-Total		<b>205 416 558</b>	<b>238 802 633</b>	<b>241 219 645</b>	<b>271 456 770</b>	<b>(35 803 087)</b>
			Revenue Foregone						
<b>219 091 848</b>	<b>244 167 885</b>	<b>(25 076 036)</b>	<b>Total</b>		<b>205 416 558</b>	<b>238 802 633</b>	<b>241 219 645</b>	<b>271 456 770</b>	<b>(35 803 087)</b>

**APPENDIX D (1) (UNAUDITED)**

**CAMDEBOO MUNICIPALITY**

**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16								2014/15
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R
<b>REVENUE - STANDARD</b>									
<b>Governance and Administration:</b>									
Executive and Council	2 019 728	500 000	2 519 728	2 519 728	2 477 556	(42 172)	98.33	122.67	2 556 941
Budget and Treasury Office	75 636 060	1 506 256	77 142 316	77 142 316	73 086 280	(4 056 036)	94.74	96.63	80 025 794
Corporate Services	667 846	250 000	917 846	917 846	615 984	(301 862)	67.11	92.23	528 891
<b>Community and Public Safety:</b>									
Community and Social Services	1 831 550	-	1 831 550	1 831 550	1 762 002	(69 548)	96.20	96.20	1 702 358
Sport and Recreation	74 619	-	74 619	74 619	81 435	6 816	109.13	109.13	68 871
Public Safety	3 322 053	698 560	4 020 613	4 020 613	2 720 162	(1 300 451)	67.66	81.88	2 562 827
Housing	4 699	664 127	668 826	668 826	1 069 002	400 176	159.83	22 749.56	4 270
Health	1 166 449	-	1 166 449	1 166 449	1 418 867	252 418	121.64	121.64	815 094
<b>Economic and Environmental Services:</b>									
Planning and Development	-	-	-	-	200 200	200 200	0.00	0.00	-
Road Transport	262 570	69 231	331 801	331 801	614 882	283 081	185.32	234.18	470 015
Environmental Protection	-	-	-	-	-	-	0.00	0.00	-
<b>Trading Services:</b>									
Electricity	90 344 725	(59 891 287)	30 453 438	90 344 725	79 593 434	(10 751 291)	88.10	88.10	82 020 312
Water	38 717 742	(9 891 200)	28 826 542	28 826 542	16 047 690	(12 778 852)	55.67	41.45	15 465 212
Waste Water Management	24 142 007	(10 004)	24 132 003	24 132 003	20 662 982	(3 469 021)	85.62	85.59	26 658 442
Waste Management	5 811 435	509 000	6 321 435	6 321 435	4 364 349	(1 957 086)	69.04	75.10	5 691 124
<b>Other:</b>									
Airport	504 180	-	504 180	504 180	701 733	197 553	139.18	139.18	521 697
Intergovernmental & Special Projects	-	-	-	-	-	-	0.00	0.00	-
<b>Total Revenue - Standard</b>	<b>244 505 663</b>	<b>(65 595 317)</b>	<b>178 911 346</b>	<b>238 802 633</b>	<b>205 416 558</b>	<b>(33 386 075)</b>	<b>86.02</b>	<b>84.01</b>	<b>219 091 848</b>
<b>EXPENDITURE - STANDARD</b>									
<b>Governance and Administration:</b>									
Executive and Council	20 716 860	1 248 379	21 965 239	21 965 239	19 235 776	(2 729 463)	87.57	92.85	17 143 341
Budget and Treasury Office	33 076 428	1 568 871	34 645 299	34 645 299	23 798 395	(10 846 904)	68.69	71.95	26 982 545
Corporate Services	11 671 959	695 167	12 367 126	12 367 126	12 232 313	(134 813)	98.91	104.80	10 545 278
<b>Community and Public Safety:</b>									
Community and Social Services	3 150 902	(155 744)	2 995 158	2 995 158	2 499 303	(495 855)	83.44	79.32	2 272 485
Sport and Recreation	10 967 224	3 268 492	14 235 716	14 235 716	13 172 710	(1 063 006)	92.53	120.11	11 640 890
Public Safety	8 223 639	(2 196 644)	6 026 995	6 026 995	5 113 825	(913 170)	84.85	62.18	4 838 280
Housing	104 800	559 327	664 127	664 127	(1 374 492)	(2 038 619)	0.00	0.00	(6 575)
Health	2 176 469	101 289	2 277 758	2 277 758	2 189 061	(88 697)	96.11	100.58	1 854 490

**APPENDIX D (1) (UNAUDITED)**

**CAMDEBOO MUNICIPALITY**

**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16							2014/15	
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R
<b>Economic and Environmental Services:</b>									
Planning and Development	1 138 954	318 623	1 457 577	1 457 577	1 223 725	(233 852)	83.96	107.44	1 001 912
Road Transport	19 211 203	(1 189 150)	18 022 053	18 022 053	15 873 967	(2 148 086)	88.08	82.63	14 330 203
Environmental Protection	-	-	-	-	-	-	0.00	0.00	-
<b>Trading Services:</b>									
Electricity	78 188 216	1 320 339	79 508 555	79 508 555	78 943 066	(565 489)	99.29	100.97	69 346 177
Water	27 192 177	2 468 281	29 660 458	29 660 458	28 284 803	(1 375 655)	95.36	104.02	31 659 555
Waste Water Management	31 477 994	400 000	31 877 994	31 877 994	29 337 241	(2 540 753)	92.03	93.20	39 675 251
Waste Management	6 190 288	8 083 335	14 273 623	14 273 623	9 187 781	(5 085 842)	64.37	148.42	11 577 998
<b>Other:</b>									
Airport	1 328 659	150 433	1 479 092	1 479 092	1 502 171	23 079	101.56	113.06	1 306 055
Intergovernmental & Special Projects		-				-	0.00	0.00	
Restatements									-
<b>Total Expenditure - Standard</b>	<b>254 815 772</b>	<b>16 640 998</b>	<b>271 456 770</b>	<b>271 456 770</b>	<b>241 219 645</b>	<b>(30 237 125)</b>	<b>88.86</b>	<b>94.66</b>	<b>244 167 885</b>
					21 303 819				
<b>Surplus/(Deficit) for the year</b>	<b>(10 310 109)</b>	<b>(82 236 315)</b>	<b>(92 545 424)</b>	<b>(32 654 137)</b>	<b>(35 803 087)</b>	<b>(3 148 950)</b>	<b>0.00</b>	<b>0.00</b>	<b>(25 076 037)</b>
			(60 519 441)	(628 154)					



**APPENDIX D (2) (UNAUDITED)**

**CAMDEBOO MUNICIPALITY**

**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16							2014/15	
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R
<b>REVENUE BY VOTE</b>									
Vote 1 - EXECUTIVE AND COUNCIL	2 019 728	500 000	2 519 728	2 519 728	2 677 756	158 028	106.27	132.58	2 556 941
Vote 2 - CORPORATE SERVICES: ADMINISTRN	2 317 911	250 000	2 567 911	2 567 911	2 202 542	(365 369)	85.77	95.02	1 050 588
Vote 3 - CORPORATE SERVICES: COMM SERV	7 742 867	1 174 127	8 916 994	8 916 994	7 810 830	(1 106 164)	87.59	100.88	8 281 717
Vote 4 - CORPORATE SERVICES: PROTECTION	3 322 053	698 560	4 020 613	4 020 613	2 720 162	(1 300 451)	67.66	81.88	2 562 827
Vote 5 - FINANCIAL SERVICES	75 636 060	1 506 256	77 142 316	77 142 316	73 086 280	(4 056 036)	94.74	96.63	80 025 794
Vote 6 - TECHNICAL SERVICES: ENGINEERING	63 122 319	(9 831 970)	53 290 349	53 290 349	37 325 554	(15 964 795)	70.04	59.13	42 593 669
Vote 7 - TECHNICAL SERVICES: ELECTRICAL	90 344 725	-	90 344 725	90 344 725	79 593 434	(10 751 291)	88.10	88.10	82 020 312
<b>Total Revenue by Vote</b>	<b>244 505 663</b>	<b>(5 703 027)</b>	<b>238 802 636</b>	<b>238 802 636</b>	<b>205 416 558</b>	<b>(33 386 078)</b>	<b>86.02</b>	<b>84.01</b>	<b>219 091 848</b>
<b>EXPENDITURE BY VOTE</b>									
Vote 1 - EXECUTIVE AND COUNCIL	22 516 995	1 664 130	24 181 125	24 181 125	21 156 831	(3 024 294)	87.49	93.96	18 145 253
Vote 2 - CORPORATE SERVICES: ADMINISTRN	14 161 690	442 285	14 603 975	14 603 975	14 034 286	(569 689)	96.10	99.10	11 851 333
Vote 3 - CORPORATE SERVICES: COMM SERV	20 767 440	12 162 870	32 930 310	32 930 310	24 456 059	(8 474 251)	74.27	117.76	27 339 288
Vote 4 - CORPORATE SERVICES: PROTECTION	8 223 638	(2 196 644)	6 026 994	6 026 994	5 113 825	(913 169)	84.85	62.18	4 838 280
Vote 5 - FINANCIAL SERVICES	33 076 428	1 568 871	34 645 299	34 645 299	23 798 406	(10 846 893)	68.69	71.95	26 982 545
Vote 6 - TECHNICAL SERVICES: ENGINEERING	77 881 365	1 679 171	79 560 536	79 560 536	73 717 182	(5 843 354)	92.66	94.65	85 665 009
Vote 7 - TECHNICAL SERVICES: ELECTRICAL	78 188 216	1 320 339	79 508 555	79 508 555	78 943 066	(565 489)	99.29	100.97	69 346 177
<b>Total Expenditure by Vote</b>	<b>254 815 772</b>	<b>16 641 022</b>	<b>271 456 794</b>	<b>271 456 794</b>	<b>241 219 655</b>	<b>(30 237 139)</b>	<b>88.86</b>	<b>94.66</b>	<b>244 167 885</b>
<b>Surplus/(Deficit) for the year</b>	<b>(10 310 109)</b>	<b>(22 344 049)</b>	<b>(32 654 158)</b>	<b>(32 654 158)</b>	<b>(35 803 097)</b>	<b>(3 148 939)</b>	<b>0.00</b>	<b>0.00</b>	<b>(25 076 037)</b>
			(628 175)	(628 175)					

**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
		Sept	Dec	March	June	July	Sept	Dec	March	June	Yes / No	
Equitable Share	Nat Treasury	18 033 000	14 426 000	10 820 000	-	-	10 819 750	10 819 750	10 819 750	10 819 750	Yes	N/A
FMG	Nat Treasury	1 800 000	-	-	-	-	936 863	672 500	96 838	117 733	Yes	N/A
INEP	DME	810 000	290 000	-	-	-	-	-	57 000	1 194 454	Yes	N/A
MIG Projects	MIG	6 602 000	5 382 000	1 357 000	-	-	2 010 132	3 649 851	5 540 265	3 333 868	Yes	N/A
MSIG	DPLG	930 000	-	-	-	-	25	57 096	248 620	652 408	Yes	N/A
EPWP Incentive Grant	Province	400 000	300 000	300 000	-	-	14 560	644 702	85 551	260 376	Yes	N/A
Health - Clinics	Province	271 698	573 585	-	573 585	-	354 717	354 717	354 717	354 717	Yes	N/A
SETA	National	50 999	21 217	73 967	21 325	-	41 877	41 877	41 877	41 877	Yes	N/A
Fire grant	SBDM	-	-	-	496 000	-	-	-	-	496 000	Yes	N/A
Library	SBDM	-	1 557 000	-	-	-	-	519 000	519 000	519 000		
<b>Total Grants and Subsidies Received</b>		<b>28 897 697.00</b>	<b>22 549 802</b>	<b>12 550 967</b>	<b>1 090 910</b>	<b>-</b>	<b>14 177 924</b>	<b>16 759 493</b>	<b>17 763 618</b>	<b>17 790 183</b>		