

**SARAH BAARTMAN DISTRICT MUNICIPALITY**

**Financial statements  
for the year ended 30 June 2016**

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# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## General Information

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|   |   |
|---|---|
| <b><u>Legal form of Entity</u></b>                        | District Municipality (DC10)  |
| <b><u>Jurisdiction</u></b>                                | Sarah Baartman District   |
| <b><u>Nature of business and principal activities</u></b> | Municipal services  |
| <b><u>Registered office</u></b>                           | 32 Govan Mbeki Ave<br>Standard Bank Building<br>Port Elizabeth<br>6001          |
| <b><u>Postal address</u></b>                              | P O Box 318<br>Port Elizabeth<br>6000   |
| <b><u>Mayoral committee</u></b>                           |   |
| Executive Mayor   | K E Kekana (Ms)   |
| Councillors   | V M Balura<br>N N Pieters (Ms)<br>N Vanda (Ms)<br>Y P Vara (Ms)<br>N J O'Connel |
| <b><u>Accounting Officer</u></b>                          | D M Pillay  |
| <b><u>Preparer</u></b>                                    | The financial statements were internally compiled by:<br>R N Lorgat             |
| <b><u>Auditors</u></b>                                    | Office of the Auditor-General   |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Index

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The reports and statements set out below comprise the financial statements presented to the National Treasury:

| <b>Index</b>  | <b>Page</b> |
|---|-------------|
| Accounting Officer's Responsibilities and Approval                        | 3           |
| Statement of Financial Position   | 4           |
| Statement of Financial Performance  | 5           |
| Statement of Changes in Net Assets  | 6           |
| Cash Flow Statement   | 7           |
| Statement of Comparison of Budget and Actual Amounts                      | 8 - 9       |
| Accounting Policies   | 10 - 27     |
| Notes to the Financial Statements   | 28 - 67     |
| Unaudited Appendices:   |             |
| Unaudited Appendix A: Analysis of Property, Plant and Equipment           | 68 - 69     |
| Unaudited Appendix B: Segmental analysis of Property, Plant and Equipment | 70          |
| Unaudited Appendix C: Segmental Statement of Financial Performance        | 71          |
| Unaudited Appendix D: Investment Portfolio                                | 72 - 73     |

### Abbreviations

|      |  |
|------|--|
| CDA  | Cacadu Development Agency                        |
| DORA | Division of Revenue Act                          |
| EPWP | Expanded Public Works Programme                  |
| FMG  | Finance Management Grant                         |
| GRAP | Generally Recognised Accounting Practice         |
| IAS  | International Accounting Standards               |
| MFMA | Municipal Finance Management Act                 |
| MIG  | Municipal Infrastructure Grant (Previously CMIP) |
| MSIG | Municipal Systems Improvement Grant              |
| SARS | South African Revenue Services                   |
| SBDM | Sarah Baartman District Municipality             |
| VAT  | Value Added Taxation                             |



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Officer's Responsibilities and Approval

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The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and places considerable importance on maintaining a strong control environment. To enable the Municipality to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the financial year and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the spectrum. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on page 4 to 67, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2016 and signed hereunder.



Municipal Manager  
31 August 2016

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Financial Position as at 30 June 2016

| Figures in Rand                            | Note(s) | 2016               | 2015<br>Restated   |
|--|---------|--------------------|--------------------|
| <b>Assets</b>                              |         |                    |                    |
| <b>Current Assets</b>                      |         |                    |                    |
| Receivables from exchange transactions     | 4       | 621,372            | 562,723            |
| Receivables from non-exchange transactions | 5       | 3,353,521          | 794,208            |
| VAT receivable                             | 6       | 1,796,404          | 1,104,065          |
| Deposits paid                              | 7       | 852,563            | 15,410             |
| Short-term investments                     | 8       | 135,000,000        | 171,000,000        |
| Cash and cash equivalents                  | 9       | 99,300,736         | 85,303,098         |
|  |         | <b>240,924,596</b> | <b>258,779,504</b> |
| <b>Non-Current Assets</b>                  |         |                    |                    |
| Investment property                        | 10      | 25,962,500         | 25,962,500         |
| Property, plant and equipment              | 11      | 24,182,520         | 24,980,718         |
| Intangible assets                          | 12      | 86,885             | 86,885             |
| Heritage assets                            | 13      | 35,028,000         | 35,028,000         |
| Long-term receivables                      | 14      | 187,582            | 182,480            |
|  |         | <b>85,447,487</b>  | <b>86,240,583</b>  |
| <b>Total Assets</b>                        |         | <b>326,372,083</b> | <b>345,020,087</b> |
| <b>Liabilities</b>                         |         |                    |                    |
| <b>Current Liabilities</b>                 |         |                    |                    |
| Payables from exchange transactions        | 15      | 25,518,231         | 28,907,557         |
| Post employment medical benefit            | 17      | 3,848,652          | 3,897,396          |
| Unspent conditional grants and receipts    | 16      | -                  | 9,013,499          |
| Provisions                                 | 18      | 719,459            | 414,248            |
|  |         | <b>30,086,342</b>  | <b>42,232,700</b>  |
| <b>Non-Current Liabilities</b>             |         |                    |                    |
| Long-term portion of infrastructure levies | 15      | 1,022,570          | 1,022,570          |
| Post employment medical benefit            | 17      | 59,093,676         | 61,490,613         |
|  |         | <b>60,116,246</b>  | <b>62,513,183</b>  |
| <b>Total Liabilities</b>                   |         | <b>90,202,588</b>  | <b>104,745,883</b> |
| <b>Total assets less liabilities</b>       |         | <b>236,169,495</b> | <b>240,274,204</b> |
| <b>Net Assets</b>                          |         |                    |                    |
| <b>Reserves</b>                            |         |                    |                    |
| Revaluation reserve                        | 19      | 76,957,915         | 76,957,915         |
| Accumulated surplus                        | 20      | 159,211,580        | 163,316,289        |
| <b>Total Net Assets</b>                    |         | <b>236,169,495</b> | <b>240,274,204</b> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Financial Performance

| Figures in Rand                                   | Note(s) | 2016                 | 2015<br>Restated     |
|---|---------|----------------------|----------------------|
| <b>Revenue</b>                                    |         |                      |                      |
| Rental of facilities and equipment                | 21      | 1,394,663            | 1,208,685            |
| Government grants & subsidies                     | 22      | 95,432,020           | 89,383,537           |
|   |         | <b>96,826,683</b>    | <b>90,592,222</b>    |
| <b>Other income</b>                               |         |                      |                      |
| Reduction in provision for debt impairment        | 5       | 8,154,268            | 806,679              |
| Actuarial gain on post employment medical benefit | 16      | 4,084,028            | -                    |
| Fair value adjustments                            | 10      | -                    | 365,000              |
| Income from agency services                       | 21      | 45,797               | 41,669               |
| Interest income                                   | 21      | 18,054,689           | 17,261,678           |
| Other revenue                                     | 21      | 646,038              | 222,912              |
| Impairment reversal                               | 21      | -                    | 128,347              |
|   |         | <b>30,984,820</b>    | <b>18,826,285</b>    |
| <b>Operating expenses</b>                         |         |                      |                      |
| Actuarial loss on post employment medical benefit | 16      | -                    | (1,261,518)          |
| Bad debts written off                             |         | (124,199)            | (293,303)            |
| Conditional grant expenditure                     | 23      | (12,497,854)         | (7,173,355)          |
| Contracted services                               |         | (2,863,326)          | (3,234,332)          |
| Depreciation                                      | 11      | (1,758,778)          | (1,462,117)          |
| Discounting of post employment medical benefit    | 16      | (5,317,885)          | (5,590,491)          |
| Employee costs                                    | 24      | (45,180,372)         | (41,250,102)         |
| Impairment  |         | (6,967)              | -                    |
| Fines and penalties                               | 48      | (433)                | (782,229)            |
| General expenses - other                          | 47      | (52,732,042)         | (41,762,667)         |
| Loss on disposal of assets                        |         | (230,428)            | (583,551)            |
| Other grants and subsidies paid                   | 23      | (10,576,799)         | (13,189,525)         |
| Repairs and maintenance                           |         | (627,129)            | (474,625)            |
|   |         | <b>(131,916,212)</b> | <b>(117,057,815)</b> |
| <b>Deficit for the year</b>                       |         | <b>(4,104,709)</b>   | <b>(7,639,308)</b>   |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Changes in Net Assets

| Figures in Rand                            | Revaluation<br>reserve | Accumulated<br>surplus | Total net<br>assets |
|--|------------------------|------------------------|---------------------|
| Opening balance as previously reported     | 76,509,935             | 174,907,873            | 251,417,808         |
| Adjustments                                |                        |                        |                     |
| Prior year adjustments (refer to note 28)  | (806,986)              | (4,178,484)            | (4,985,470)         |
| <b>Balance at 01 July 2014 as restated</b> | <b>75,702,949</b>      | <b>170,729,389</b>     | <b>246,432,338</b>  |
| Changes in net assets                      |                        |                        |                     |
| Revaluation                                | 1,254,966              | -                      | 1,254,966           |
| Deficit for the year                       | -                      | (7,639,308)            | (7,639,308)         |
| Opening balance as previously reported     | 76,957,915             | 163,090,081            | 240,047,996         |
| Adjustments                                |                        |                        |                     |
| Prior year corrections (refer to note 28)  | -                      | 226,208                | 226,208             |
| <b>Balance at 01 July 2015 as restated</b> | <b>76,957,915</b>      | <b>163,316,289</b>     | <b>240,274,204</b>  |
| Changes in net assets                      |                        |                        |                     |
| Deficit for the year                       | -                      | (4,104,709)            | (4,104,709)         |
| <b>Balance at 30 June 2016</b>             | <b>76,957,915</b>      | <b>159,211,580</b>     | <b>236,169,495</b>  |
| Note(s)                                    | 19                     | 20                     |                     |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Cash Flow Statement

| Figures in Rand   | Note(s) | 2016                       | 2015<br>Restated           |
|---|---------|----------------------------|----------------------------|
| <b><u>Cash flows from operating activities</u></b>          |         |                            |                            |
| <b>Receipts</b>   |         |                            |                            |
| Grants  |         | 86,418,521                 | 85,540,613                 |
| Interest income   |         | 18,276,686                 | 16,900,105                 |
| Other receipts  |         | 6,670,884                  | 1,751,148                  |
|   |         | <u>111,366,091</u>         | <u>104,191,866</u>         |
| <b>Payments</b>   |         |                            |                            |
| Employee costs  |         | (44,875,161)               | (41,625,159)               |
| Cash paid to suppliers                                      |         | (25,033,214)               | (19,597,212)               |
| Fines and penalties   |         | (433)                      | (782,229)                  |
| Other payments  |         | (57,424,983)               | (35,433,877)               |
|   |         | <u>(127,333,791)</u>       | <u>(97,438,477)</u>        |
| <b>Net cash flows from operating activities</b>             | 29      | <b><u>(15,967,700)</u></b> | <b><u>6,753,389</u></b>    |
| <b><u>Cash flows from investing activities</u></b>          |         |                            |                            |
| Purchase of property, plant and equipment                   | 11      | (1,403,299)                | (1,057,748)                |
| Proceeds from sale of property, plant and equipment         | 11      | 205,323                    | 47,499                     |
| Increase in deposits paid                                   |         | (837,153)                  | -                          |
| (Increase) / decrease in long term receivables              |         | (5,102)                    | 49,392                     |
| <b>Net cash flows from investing activities</b>             |         | <b><u>(2,040,231)</u></b>  | <b><u>(960,857)</u></b>    |
| <b><u>Cash flows from financing activities</u></b>          |         |                            |                            |
| Repayment of other financial liabilities                    | 16      | (3,994,431)                | (3,994,813)                |
| Increase / (decrease) in short-term investments             |         | 36,000,000                 | (46,000,000)               |
| Increase in long-term infrastructure levies                 |         | -                          | 71,709                     |
| <b>Net cash flows from financing activities</b>             |         | <b><u>32,005,569</u></b>   | <b><u>(49,923,104)</u></b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>13,997,638</b>          | <b>(44,130,572)</b>        |
| Cash and cash equivalents at the beginning of the year      |         | 85,303,098                 | 129,433,670                |
| <b>Cash and cash equivalents at the end of the year</b>     | 9       | <b><u>99,300,736</u></b>   | <b><u>85,303,098</u></b>   |





# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Figures in Rand

|  | Original budget      | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget         | Actual outcome       | Unauthorised expenditure | Variance            | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|----------------------|---|--------------------------|--|---|----------------------|----------------------|--------------------------|---------------------|-------------------------------------|--|
| <b>2016</b>  |                      |   |                          |  |   |                      |                      |                          |                     |                                     |  |
| <b>Financial Performance</b>   |                      |   |                          |  |   |                      |                      |                          |                     |                                     |  |
| Investment revenue   | 10,600,000           | 5,100,000   | 15,700,000               | -  | -   | 15,700,000           | 18,054,689           |                          | 2,354,689           | 115 %                               | 170 %                                  |
| Transfers recognised - operational                                   | 91,265,000           | 5,967,020   | 97,232,020               | -  | -   | 97,232,020           | 95,432,020           |                          | (1,800,000)         | 98 %                                | 105 %                                  |
| Other own revenue  | 43,528,300           | 16,087,800  | 59,616,100               | -  | -   | 59,616,100           | 14,324,794           |                          | (45,291,306)        | 24 %                                | 33 %                                   |
| <b>Total revenue (excluding capital transfers and contributions)</b> | <b>145,393,300</b>   | <b>27,154,820</b>                                   | <b>172,548,120</b>       | -  | -   | <b>172,548,120</b>   | <b>127,811,503</b>   |                          | <b>(44,736,617)</b> | <b>74 %</b>                         | <b>88 %</b>                            |
| Employee costs   | (47,705,300)         | 1,486,100   | (46,219,200)             | -  | -   | (46,219,200)         | (38,544,872)         |                          | 7,674,328           | 83 %                                | 81 %                                   |
| Remuneration of councillors  | (7,024,800)          | -   | (7,024,800)              | -  | -   | (7,024,800)          | (6,635,500)          |                          | 389,300             | 94 %                                | 94 %                                   |
| Depreciation and asset impairment                                    | (1,882,000)          | -   | (1,882,000)              |  |   | (1,882,000)          | (1,758,778)          |                          | 123,222             | 93 %                                | 93 %                                   |
| Transfers and grants   | (25,506,000)         | (4,697,020)   | (30,203,020)             | -  | -   | (30,203,020)         | (26,732,879)         |                          | 3,470,141           | 89 %                                | 105 %                                  |
| Other expenditure  | (63,275,200)         | (23,943,900)  | (87,219,100)             | -  | -   | (87,219,100)         | (58,244,183)         |                          | 28,974,917          | 67 %                                | 92 %                                   |
| <b>Total expenditure</b>   | <b>(145,393,300)</b> | <b>(27,154,820)</b>                                 | <b>(172,548,120)</b>     | -  | -   | <b>(172,548,120)</b> | <b>(131,916,212)</b> |                          | <b>40,631,908</b>   | <b>76 %</b>                         | <b>91 %</b>                            |
| <b>Surplus/(Deficit)</b>   | -                    | -   | -                        | -  | -   | -                    | <b>(4,104,709)</b>   |                          | <b>(4,104,709)</b>  |                                     |  |
| <b>Surplus/(Deficit) for the year</b>                                | -                    | -   | -                        | -  | -   | -                    | <b>(4,104,709)</b>   |                          | <b>(4,104,709)</b>  |                                     |  |
| <b>Capital expenditure and funds sources</b>                         |                      |   |                          |  |   |                      |                      |                          |                     |                                     |  |
| Total capital expenditure  | (5,467,000)          | (471,500)   | (5,938,500)              | -  | -   | (5,938,500)          | (1,403,299)          |                          | 4,535,201           | 24 %                                | 26 %                                   |
| <b>Sources of capital funds</b>                                      |                      |   |                          |  |   |                      |                      |                          |                     |                                     |  |
| Internally generated funds   | 5,467,000            | 471,500   | 5,938,500                | -  | -   | 5,938,500            | 1,403,299            |                          | (4,535,201)         | 24 %                                | 26 %                                   |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Figures in Rand

|   | Original budget    | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments and budget (i.t.o. s28 and s31 of the MFMA) | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget       | Actual outcome    | Unauthorised expenditure | Variance      | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|--------------------|---|---|--|---|--------------------|-------------------|--------------------------|---------------|-------------------------------------|--|
| <b>Cash flows</b>   |                    |   |   |  |   |                    |                   |                          |               |                                     |  |
| Net cash from (used) operating                              | 1,882,000          | -   | 1,882,000   | -  | -   | 1,882,000          | (15,967,700)      | (17,849,700)             | -             | -                                   | -                                      |
| Net cash from (used) investing                              | (5,467,000)        | (471,500)   | (5,938,500)   | -  | -   | (5,938,500)        | (2,040,231)       | 3,898,269                | 34 %          | 37 %                                |  |
| Net cash from (used) financing                              | -                  | -   | -   | -  | -   | -                  | 32,005,569        | 32,005,569               | -             | -                                   | -                                      |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>(3,585,000)</b> | <b>(471,500)</b>                                    | <b>(4,056,500)</b>  | -  | -   | <b>(4,056,500)</b> | <b>13,997,638</b> | <b>18,054,138</b>        | <b>(345)%</b> | <b>(390)%</b>                       |  |
| Cash and cash equivalents at the beginning of the year      | 226,179,812        | -   | 226,179,812   | -  | -   | 226,179,812        | 85,303,098        | (140,876,714)            | 38 %          | 38 %                                |  |
| <b>Cash and cash equivalents at year end</b>                | <b>222,594,812</b> | <b>(471,500)</b>                                    | <b>222,123,312</b>  | -  | -   | <b>222,123,312</b> | <b>99,300,736</b> | <b>122,822,576</b>       | <b>45 %</b>   | <b>45 %</b>                         |  |

Refer to Note 46 for explanations of variances

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### **1. Presentation of financial statements**

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

#### **1.1 Presentation currency**

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

All figures in the financial statements are rounded up to the nearest Rand.

#### **1.2 Going concern assumption**

These financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### **1.3 Basis of Preparation**

##### **Statement of compliance**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) and the International Public Sector Accounting Standards (IPSAS), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practices Board.

These accounting policies have been applied to ensure that the financial statements provide information that is relevant to the decision-making needs of users and are reliable.

##### **Basis of measurement**

The financial statements have been prepared on the accrual basis.

##### **Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.3 Basis of Preparation (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes.

Estimates and judgements are made to identify impairments required to be made to assets. The condition of the assets are assessed together with the use of the asset to determine whether an impairment is required.

The useful life of an asset is reviewed annually and management assess the condition and the usefulness of the asset at each reporting date to determine the remaining useful life of the assets.

#### Offsetting

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

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

### 1.4 Investment property

#### Initial recognition

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

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

#### Subsequent measurement - fair value model

Investment property is subsequently measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Revaluation will take place every five years commencing from 1 July 2007. Should the need arise, the valuations would be performed more regularly.

#### Derecognition

Investment property is 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.

#### Gains or losses

Gains or losses arising from the derecognition of investment property (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.5 Property, plant and equipment

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 period.

#### Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

#### Initial measurement

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting was first adopted, i.e. 1 July 2005. The "cost" of property, plant and equipment upon "initial recognition" is either its cost or fair value at initial recognition. The "cost" of land and buildings on 1 July 2005 would constitute its fair value on that date as no cost is available. The "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amount represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

#### Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

On acquisition of items of property, plant and equipment, the useful lives are assessed as follows:

| <u>Item</u>                     | <u>Average useful life</u> |
|---------------------------------|----------------------------|
| Buildings                       | 50                         |
| Furniture and fixtures          | 7 - 15                     |
| Motor vehicles                  | 5 - 10                     |
| Office equipment                | 2 - 10                     |
| Computer equipment              | 2 - 10                     |
| Bins and containers             | 5 - 10                     |
| Specialised vehicles            | 5 - 20                     |
| Specialised Plant and Equipment | 5 - 15                     |

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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 is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

#### Impairment

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

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

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

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

#### Derecognition

Items of property, plant and equipment 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.

#### Gains and losses

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. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.6 Intangible assets

An asset is identifiable as an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised 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.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost will be measured at fair value at the day of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired, impairment to the asset will be made.

Reassessing the useful life of an intangible asset with a finite useful life, after it was classified as indefinite, is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| <u>Item</u>       | <u>Useful life</u> |
|-------------------|--------------------|
| Computer software | indefinite         |

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.7 Investments

The municipality classifies its investments as "Loans and receivables".

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost if material.

### 1.8 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.3 Heritage assets (continued)

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

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

#### Derecognition

The municipality derecognises heritage asset 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 a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.9 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.9 Financial instruments (continued)

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

#### Impairment of financial assets

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

#### Cash and cash equivalents

Cash includes cash on hand and cash held at banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Loans and receivables" and are initially measured at cost. Subsequent measurement is at face value or, if material, at amortised value.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.9 Financial instruments (continued)

#### Derecognition:

#### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

#### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

### 1.10 VAT

The municipality accounts for Value Added Tax on the invoice basis.

The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes.

VAT is submitted on a monthly basis to SARS.

The net VAT is either classified as "Loans and receivables" or "Financial liabilities at amortised cost".

#### Measurement

Initial measurement is at cost. Subsequent measurement is at amortised cost if material.

#### Derecognition

VAT is derecognised when the net payment is paid or received from SARS, whichever is applicable when the VAT return is presented.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.11 Grants, transfers and donations

#### **Unconditional grants and receipts**

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

#### **Conditional grants and receipts**

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

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

### 1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

#### Municipality as the lessee

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.13 Segmental information

The principal segments have been identified on a primary basis by classification of the revenue and expenditure in terms of the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury.

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices B and C.

The standard is not effective in the current year.

### 1.14 Receivables from exchange and non-exchange transactions

Receivables are classified as "Loans and receivables" and are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on an assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

### 1.15 Non-current assets held for sale and disposal groups

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

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

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

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

### 1.16 Payables from exchange and non-exchange transactions

Payables are classified as "Liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.17 Employee benefits

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

#### Defined benefits

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain 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), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

#### Accrued leave pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

#### Other short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.18 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- 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 amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31 and 32.

### 1.19 Revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Income collected on behalf of "principals" is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the service level agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all the 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 is brought into use. Where public contributions have been received, but the municipality has not met the conditions, a liability is recognised.

All other revenue is recognised as it accrues.



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## **Accounting Policies**

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### **1.20 Revenue from non-exchange transactions**

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

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 is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

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.

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

### **1.21 Finance costs**

Finance costs are recognised as an expense in the period in which they are incurred.

### **1.22 Grants-in-aid**

The Council transfers money, from time to time, to individuals, organisations and other sectors of government in accordance with the Municipal Finance Management Act 56 of 2003.

When making these transfers, SBDM does not:

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

These transfers are recognised in the Statement of Financial Performance as an expense in the period with which the events giving rise to the transfer occurred.

### **1.23 Comparative information**

When the presentation or classification of items in the annual financial statements is amended, the prior period comparative amounts are restated and the nature and reason for the reclassification is disclosed. Where 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.

### **1.24 Unauthorised expenditure**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of a4n 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). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.25 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. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA, means expenditure incurred by a municipality in contravention of, or that is not in accordance with requirements of the following Acts or Regulation, and which has not been condoned:

- Municipal Finance Management Act
- Municipal Systems Act
- Public Office-Bearers Act
- Municipal Supply Chain Management Regulations or related by-laws

The irregular expenditure excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned / written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.27 Revaluation reserve

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

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.28 Events after reporting date

Management conducts an assessment on any events occurring subsequent to the end of the reporting date and prior to the finalisation of the financial statements to identify any incidents that would provide the user with additional information that could influence decision-making and the usefulness of the financial statements. This information is then disclosed accordingly in the financial statements.

### 1.29 Unutilised conditional grants

#### Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as unspent conditional grants.
- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- The unspent grant is classified as "Financial liabilities at amortised cost".

#### Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

#### Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

### 1.30 Effective interest rate

The entity uses the prime interest rate less 0.5% to discount future cash flows.

### 1.31 Capital commitments

Capital commitments disclosed in the financial statements represents the balance committed to capital projects at the reporting date that will be incurred subsequent to the reporting date. The capital commitment disclosed identifies awards entered into by the municipality against the capital projects as well as a commitment upon approval of a budget for a capital project, where an award has not yet been made.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.32 Budget information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

### 1.33 Related parties

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.

All transactions with related parties are disclosed.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand 2016 2015

### 2. Changes in accounting policy

There were no changes in accounting policies during the financial year.

### 3. New standards and interpretations

#### 3.1 Standards and interpretations effective in the current year

In the current year, the municipality has not adopted any new standards. The following standard and interpretations are however effective for the current financial year and are relevant to its operations:

| <u>Standard/ Interpretation:</u> | <u>Effective date:<br/>Years beginning on or<br/>after</u> | <u>Expected impact:</u>  |
|----------------------------------|--|--|
| GRAP 18: Segment reporting       | To be determined   | The effects on the financial statements is limited as the standard is being implemented. However, the effective date for municipalities is to be determined by the Minister of Finance |

### 4. Receivables from exchange transactions

|                            |                |                |
|----------------------------|----------------|----------------|
| General debtors            | -              | 130,703        |
| Salaries and Wages Debtors | 391,383        | 331,808        |
| Accrued Rent               | 214,457        | 84,639         |
| Rental                     | 171,321        | 119,886        |
| Allowance for impairment   | (155,789)      | (104,313)      |
|                            | <u>621,372</u> | <u>562,723</u> |

#### Receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2016, R - (2015: R 288,630) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

|               |   |         |
|---------------|---|---------|
| 3 to 6 months | - | 200     |
| Over 6 months | - | 288,430 |

#### Receivables from exchange transactions impaired

As of 30 June 2016, receivables from exchange transactions of R 155 789 (2015: R 104,313) were impaired and provided for.

The ageing of these receivables is as follows:

|               |         |        |
|---------------|---------|--------|
| 3 to 6 months | 688     | 12,559 |
| Over 6 months | 155,101 | 91,754 |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand   | 2016             | 2015           |
|---|------------------|----------------|
| <b>5. <u>Receivables from non-exchange transactions</u></b> |                  |                |
| General   | 3,094,640        | 317,790        |
| Prepayments   | 500,000          | 559,800        |
| Department of Housing (housing scheme)                      | 867,900          | 9,231,380      |
| Allowance for impairment                                    | (1,109,019)      | (9,314,762)    |
|   | <b>3,353,521</b> | <b>794,208</b> |

The impairment provision was reduced by an amount of R8 154 268 during the current year which relates mainly to the Department of Housing's receivable that was reduced by an amount of R8 363 480 during the current year after receiving consent for the set-off of the conditional grant balance on the Housing Schemes against this receivable. The remaining balance of R867 900 is included in the allowance for impairment.

### Receivables from non-exchange transactions past due but not impaired

Receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2016, R 166 708 (2015: R 118 264) were past due but not impaired.

The amount of R166 708 is owed by SANRAL for properties disposed of by the municipality. The properties are in the process of being transferred to the purchaser. The municipality would therefore only receive the selling price upon finalisation of the transfer of the properties. No impairment was therefore considered necessary on this debtor.

The ageing of amounts past due but not impaired is as follows:

|               |         |         |
|---------------|---------|---------|
| over 365 days | 166,708 | 118,264 |
|---------------|---------|---------|

### Receivables from non-exchange transactions impaired

As of 30 June 2016, receivables of R 1,109,019 (2015: R 9,314,762) were impaired and provided for.

The ageing of these receivables is as follows:

|               |         |           |
|---------------|---------|-----------|
| 3 to 6 months | 228,154 | 70,417    |
| over 365 days | 880,865 | 9,244,345 |

## **6. VAT receivable**

|                      |           |           |
|----------------------|-----------|-----------|
| Value added taxation | 1,796,404 | 1,104,065 |
|----------------------|-----------|-----------|

All VAT returns have been submitted by their due dates throughout the year.

VAT is accounted for on the invoice basis. No discounting was performed.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 7. Deposits paid

|   |                |               |
|---|----------------|---------------|
| Deposits - Electricity                                      | 5,000          | 5,000         |
| Deposits - Post Office                                      | 9,000          | 9,000         |
| Deposits - Parking Grace Street                             | 1,410          | 1,410         |
| Deposits - Installation of new lifts to the office building | 837,153        | -             |
|   | <b>852,563</b> | <b>15,410</b> |

The deposit made for the installation of the new lifts at the municipality's office building was to provide the service provider with surety, as the lifts are being imported.

### 8. Short-term investments

All short-term investments that will mature more than 3 months, but less than 12 months after the reporting date, is classified as short-term investments and do not form part of cash and cash equivalents.

|                        |             |             |
|------------------------|-------------|-------------|
| Short-term investments | 135,000,000 | 171,000,000 |
|------------------------|-------------|-------------|

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Cash on hand        | 6,100             | 6,100             |
| Bank balances       | 3,198,491         | 978,856           |
| Short-term deposits | 96,096,145        | 84,318,142        |
|                     | <b>99,300,736</b> | <b>85,303,098</b> |

#### Short-term deposits

Cash and cash equivalents are classified as a financial asset under Loans and Receivables at amortised cost. All short-term deposits mature within 3 months after the reporting date.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest. The fair value of cash and cash equivalents approximates their carrying amounts. No cash deposits were ceded as collateral.

The return on investments for 2016 fluctuated between 6.63% and 7.49%. (2015: 5.56% and 7.49%).

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Interest on investments accrued  | 1,096,145         | 1,318,142         |
| Short-term investments           | 32,000,000        | 75,000,000        |
| Call Account Deposits            | 63,000,000        | 8,000,000         |
| <b>Total short-term deposits</b> | <b>96,096,145</b> | <b>84,318,142</b> |

#### Allocation of external investments

Investments are allocated on the following basis:

|   |                   |                   |
|---|-------------------|-------------------|
| Post employment medical benefit         | 62,942,328        | 65,388,009        |
| Unspent Conditional Grants and Receipts | -                 | 9,019,986         |
| Infrastructure projects from Levies     | 1,612,570         | 1,612,570         |
| Accrued leave pay                       | 1,728,527         | 1,626,881         |
| Unappropriated surplus                  | 33,017,311        | 7,655,652         |
| <b>Total</b>                            | <b>99,300,736</b> | <b>85,303,098</b> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 9. Cash and cash equivalents (continued)

SBDM has the following bank account

| Bank details  | 30 June 2016 | Bank statement balances<br>30 June 2015 | 30 June 2014 | 30 June 2016 | Cash book balances<br>30 June 2015 | 30 June 2014 |
|---|--------------|---|--------------|--------------|------------------------------------|--------------|
| ABSA Limited<br>32 Govan Mbeki Avenue<br>Port Elizabeth<br>Current Account (Primary account):<br>1640-000-062 | 5,339,466    | 3,936,350                               | 4,156,995    | 3,198,491    | 978,856                            | 1,471,001    |



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 10. Investment property

|                     | 2016       |   | 2015           |            |   |                |
|---------------------|------------|---|----------------|------------|---|----------------|
|                     | Valuation  | Accumulated depreciation and accumulated impairment | Carrying value | Valuation  | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 25,962,500 | -   | 25,962,500     | 25,962,500 | -   | 25,962,500     |

### Reconciliation of investment property - 2016

|                     |                 |            |
|---------------------|-----------------|------------|
| Investment property | Opening balance | Total      |
|                     | 25,962,500      | 25,962,500 |

### Reconciliation of investment property - 2015

|                     |                 |                        |            |
|---------------------|-----------------|------------------------|------------|
| Investment property | Opening balance | Fair value adjustments | Total      |
|                     | 25,597,500      | 365,000                | 25,962,500 |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 10. Investment property (continued)

#### Details of valuation

Investment Property was valued at 30 June 2015 on the basis of willing buyer and willing seller determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms by Suid Kaap Waardeers, registered and independent valuers. A register is available for inspection at the Sarah Baartman District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth.

The properties were valued in terms of Valuation Professionalism and the requirements of the Property Professions Act 47 of 2000 with particular reference to sections 45 and 46. In terms of section 45(1), the properties must be valued in accordance with generally recognised valuation practices, methods and standards, and the provisions of this Act. In terms of section 46(1), the market value of a property is the amount the property would have realised if sold on the date of the valuation in the open market by a willing seller to a willing buyer.

In accordance with the accounting policy, the properties are required to be valued every 5 years or more frequently where the need arises. Based on past years revaluations, the movement in the property values were considered insignificant and therefore a valuation was not considered necessary for this financial year.

No operating expenditure was incurred by the municipality on the Investment Properties during the current and previous financial year.

Investment properties are leased mainly to organs of state and the rentals are not market related. The rental revenue received for the year is R15 138 (2015: R17 258).

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Sarah Baartman District Municipality.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 11. Property, plant and equipment

|                                 | 2016              |   |                   | 2015              |   |                   |
|---------------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
|                                 | Valuation         | Accumulated depreciation and accumulated impairment | Carrying value    | Valuation         | Accumulated depreciation and accumulated impairment | Carrying value    |
| Land                            | 4,218,426         | (200,000)   | 4,018,426         | 4,218,426         | (200,000)   | 4,018,426         |
| Buildings                       | 13,293,977        | (3,591,812)   | 9,702,165         | 13,215,274        | (3,371,774)   | 9,843,500         |
| Specialised plant and machinery | 2,056,774         | (1,211,446)   | 845,328           | 2,111,198         | (1,181,953)   | 929,245           |
| Furniture and fixtures          | 2,417,658         | (1,120,541)   | 1,297,117         | 2,298,474         | (1,009,892)   | 1,288,582         |
| Motor vehicles                  | 8,915,219         | (3,893,877)   | 5,021,342         | 8,459,721         | (3,322,463)   | 5,137,258         |
| Office equipment                | 2,501,706         | (853,339)   | 1,648,367         | 2,396,025         | (663,398)   | 1,732,627         |
| Computer equipment              | 3,917,093         | (2,400,422)   | 1,516,671         | 4,171,578         | (2,286,434)   | 1,885,144         |
| Bins and containers             | 98,988            | (48,262)  | 50,726            | 98,988            | (40,327)  | 58,661            |
| Specialised vehicles            | 275,159           | (192,781)   | 82,378            | 275,159           | (187,884)   | 87,275            |
| <b>Total</b>                    | <b>37,695,000</b> | <b>(13,512,480)</b>                                 | <b>24,182,520</b> | <b>37,244,843</b> | <b>(12,264,125)</b>                                 | <b>24,980,718</b> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2016

|                                 | Opening balance   | Additions        | Disposals        | Depreciation       | Impairment loss | Total             |
|---------------------------------|-------------------|------------------|------------------|--------------------|-----------------|-------------------|
| Land                            | 4,018,426         | -                | -                | -                  | -               | 4,018,426         |
| Buildings                       | 9,843,500         | 78,704           | -                | (220,039)          | -               | 9,702,165         |
| Specialised plant and machinery | 929,245           | -                | (213)            | (83,704)           | -               | 845,328           |
| Furniture and fixtures          | 1,288,582         | 155,858          | (9,884)          | (134,869)          | (2,570)         | 1,297,117         |
| Motor vehicles                  | 5,137,258         | 879,677          | (350,182)        | (645,411)          | -               | 5,021,342         |
| Office equipment                | 1,732,627         | 122,869          | (3,607)          | (200,573)          | (2,949)         | 1,648,367         |
| Computer equipment              | 1,885,144         | 166,191          | (71,865)         | (461,350)          | (1,449)         | 1,516,671         |
| Bins and containers             | 58,661            | -                | -                | (7,935)            | -               | 50,726            |
| Specialised vehicles            | 87,275            | -                | -                | (4,897)            | -               | 82,378            |
|                                 | <b>24,980,718</b> | <b>1,403,299</b> | <b>(435,751)</b> | <b>(1,758,778)</b> | <b>(6,968)</b>  | <b>24,182,520</b> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2015

|                                 | Opening balance   | Additions        | Disposals        | Revaluations   | Depreciation       | Impairment loss | Impairment reversal | Total             |
|---------------------------------|-------------------|------------------|------------------|----------------|--------------------|-----------------|---------------------|-------------------|
| Land                            | 4,001,426         | -                | (293,000)        | 310,000        | -                  | -               | -                   | 4,018,426         |
| Buildings                       | 10,152,677        | -                | (232,440)        | (63,034)       | (220,892)          | -               | 207,189             | 9,843,500         |
| Specialised plant and machinery | 1,021,253         | -                | (2,391)          | -              | (88,163)           | (1,454)         | -                   | 929,245           |
| Furniture and fixtures          | 1,170,228         | 255,315          | (12,172)         | -              | (123,146)          | (1,643)         | -                   | 1,288,582         |
| Motor vehicles                  | 5,322,744         | 431,690          | (26,765)         | -              | (590,411)          | -               | -                   | 5,137,258         |
| Office equipment                | 1,746,386         | 181,945          | (20,521)         | -              | (174,539)          | (644)           | -                   | 1,732,627         |
| Computer equipment              | 2,053,841         | 188,798          | (43,761)         | -              | (252,134)          | (61,600)        | -                   | 1,885,144         |
| Bins and containers             | 66,596            | -                | -                | -              | (7,935)            | -               | -                   | 58,661            |
| Specialised vehicles            | 92,172            | -                | -                | -              | (4,897)            | -               | -                   | 87,275            |
|                                 | <b>25,627,323</b> | <b>1,057,748</b> | <b>(631,050)</b> | <b>246,966</b> | <b>(1,462,117)</b> | <b>(65,341)</b> | <b>207,189</b>      | <b>24,980,718</b> |

#### Revaluations

Land and buildings were valued at 30 June 2015 on the basis of willing buyer and willing seller determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms by Suid Kaap Waardeers, registered and independent valuers. A register is available for inspection at the Sarah Baartman District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

The carrying value of properties is measured at fair value as these properties were taken on at fair value and not at cost. The carrying value of these properties, if measured under the cost model, could not be calculated.

In accordance with the accounting policy, the properties are required to be valued with sufficient regularity, such that the carrying amount does not differ materially. Based on past years revaluations, the movement in the property values were considered insignificant and therefore a valuation was not considered necessary for this financial year.

Refer appendix A for more details.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 11. Property, plant and equipment (continued)

#### Pledged as security

No assets were pledged as security during the current and previous year.

#### Other information

There are no assets on the fixed asset register that are fully depreciated and still in use. All assets that are fully depreciated or impaired are separately located and will be disposed of in terms of a Council resolution.

The fixed asset register is available at the Sarah Baartman District Municipality office for inspection.

### 12. Intangible assets

|                   | 2016   |   |                | 2015   |   |                |
|-------------------|--------|---|----------------|--------|---|----------------|
|                   | Cost   | Accumulated amortisation and accumulated impairment | Carrying value | Cost   | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 86,885 | -   | 86,885         | 86,885 | -   | 86,885         |

#### Computer software

##### **CQS Software**

CQS Software (Caseware) is used as an aid in the preparation of the annual financial statements. The implementation of the software consist of two components i.e. template and annual licence fees. The template is an once off purchase and has an infinite lifespan. The annual licence fee is required to operate the template and is expensed annually.

##### **Financial System (APPX)**

The financial system was initiated through an annual licence fee with no initial purchase price. The software was then internally developed to meet the financial and other processing and reporting requirements of the municipality. The asset meets the definition of an intangible asset, but does not meet the recognition criteria as the cost cannot be measured reliably. The major cost of development of the system was incurred between 1987 and 1989. Subsequently, the major portion of costs to date was incurred for the maintenance of the system.

##### **Performance Management System**

The performance management system was developed internally with the use of a consultant. The asset meets the definition of an intangible asset, but does not meet the recognition criteria as the internal cost cannot be measured reliably. The cost of the consultant however amounted to R258 959.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 13. Heritage assets

|                    | 2016       |                               | 2015           |            |                               |                |
|--------------------|------------|-------------------------------|----------------|------------|-------------------------------|----------------|
|                    | Valuation  | Accumulated impairment losses | Carrying value | Valuation  | Accumulated impairment losses | Carrying value |
| Conservation areas | 36,668,500 | (1,640,500)                   | 35,028,000     | 36,668,500 | (1,640,500)                   | 35,028,000     |

#### Reconciliation of heritage assets 2016

|                    |                 |            |
|--------------------|-----------------|------------|
| Conservation areas | Opening balance | Total      |
|                    | 35,028,000      | 35,028,000 |

#### Reconciliation of heritage assets 2015

|                    |                 |             |                              |            |
|--------------------|-----------------|-------------|------------------------------|------------|
| Conservation areas | Opening balance | Revaluation | Impairment losses recognised | Total      |
|                    | 34,033,500      | 1,008,000   | (13,500)                     | 35,028,000 |

#### Heritage assets which fair values cannot be reliably measured

Heritage assets were valued at 30 June 2015 on the basis of willing buyer and willing seller determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms by Suid Kaap Waardeers, registered and independent valuers. A register is available for inspection at the Sarah Baartman District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

In accordance with the accounting policy, the properties are required to be valued with sufficient regularity, such that the carrying amount does not differ materially. Based on past years revaluations, the movement in the property values were considered insignificant and therefore a valuation was not considered necessary for this financial year.

Refer appendix A for more details.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand                         | 2016           | 2015           |
|---|----------------|----------------|
| <b>14. <u>Long-term receivables</u></b> |                |                |
| Disciplinary action recoveries          | 155,696        | 155,696        |
| Study advances                          | 31,886         | 26,784         |
|   | <b>187,582</b> | <b>182,480</b> |

Classified as a financial asset: loans and receivables are subsequently measured at amortised cost.

Study advances relates to amounts paid on behalf of employees to tertiary institutions for the furthering of the employees' development. These advances are repaid monthly, in terms of the agreements with the applicable employees, in the event of the employees not passing their respective modules.

### 15. Payables from exchange transactions

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Trade payables              | 119,528           | 665,719           |
| Sundry creditors            | 10,200            | 25,905            |
| Accrued expenses            | 13,811,046        | 11,166,703        |
| Employee costs              | 66,720            | 348,623           |
| Payments in advance - Other | 3,756             | 2,601             |
| Unidentified deposits       | 591               | 591               |
| Accrued leave pay *         | 1,728,527         | 1,626,881         |
| Accrued annual bonus        | 439,946           | -                 |
| Infrastructure levies       | 590,000           | 590,000           |
| Provincial pensioners       | 507,611           | 4,350             |
| Makana Municipality - MIG   | 8,173,222         | 14,476,184        |
| Ikwezi Municipality - MIG   | 67,084            | -                 |
|                             | <b>25,518,231</b> | <b>28,907,557</b> |

\* Not financial liabilities.

Normal terms of payment is 30 days and no amortisation was calculated.

The carrying amount of financial liabilities approximates their fair value due to their short-term nature.

#### Infrastructure levies

The infrastructure levies included in payables from exchange transactions is short-term in nature and is expected to be utilised within a 12 month period.

The long-term portion of the infrastructure levies is classified under non-current liabilities as the amount is not expected to be utilised within the next 12 months due to uncertainties surrounding the related projects and amounts to R1 022 570 (2015: R1 022 570).

#### Makana Municipality MIG

The municipality received an amount of R23.7 million through the Division of Revenue Act on behalf of Makana Municipality. The grant was transferred to SBDM to ensure proper management of the grant funds in terms of the MFMA and the grant conditions. A Service Level Agreement was entered into between the SBDM and Makana Municipality to manage the proper disbursement of the grant. An application for rollover of the balance was made to National Treasury by the SBDM.



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 15. Payables from exchange transactions (continued)

#### Ikwezi Municipality MIG

The municipality received an amount of R3.3 million through the Division of Revenue Act on behalf of Ikwezi Municipality. The grant was transferred to SBDM to ensure proper management of the grant funds in terms of the MFMA and the grant conditions. A Service Level Agreement was entered into between the SBDM and Ikwezi Municipality to manage the proper disbursement of the grant. An application for rollover of the balance was made to National Treasury by the SBDM.

#### Provincial pensioners

When the roadworks, emergency medical services and health function was transferred to Province, the municipality was requested to administer the payments to pensioners as the provincial system could not accommodate past employees. An agreement was entered into between the municipality and Province whereby Province would pay the pensioners' annual amount to the municipality and the municipality administers the monthly payment.

The above arrangement was previously treated as grant receipts and grant expenditure. Refer to Note 28 for prior year correction.

### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

|   |   |                  |
|---|---|------------------|
| National government grants                    | - | 50,211           |
| Provincial and municipal grants and subsidies | - | 8,963,288        |
|   | - | <u>9,013,499</u> |

See note 49 and 50 for disclosure requirements in terms of section 123 (1) of the MFMA.

A complete list of all conditions are available for viewing at the municipality during office hours.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand 2016 2015

### 17. Post-employment medical benefit

Changes in the present value of the defined benefit obligation are as follows:

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| Opening balance              | 65,388,009        | 62,002,301        |
| Contributions(benefits) paid | (3,994,431)       | (3,994,813)       |
| Current service costs        | 314,893           | 528,512           |
| Actuarial (gain) / loss      | (4,084,028)       | 1,261,518         |
| Interest costs (discounting) | 5,317,885         | 5,590,491         |
|                              | <b>62,942,328</b> | <b>65,388,009</b> |

The estimated expected timing of resulting outflows of post employment medical benefits are:

|  |                   |                   |
|--|-------------------|-------------------|
| Within one year                                | 3,848,652         | 3,897,396         |
| Later than one year, not later than five years | 14,088,357        | 14,088,653        |
| Later than five years                          | 45,005,319        | 47,401,960        |
|  | <b>62,942,328</b> | <b>65,388,009</b> |

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

|   |                     |                     |
|---|---------------------|---------------------|
| Long-term portion of post-employment medical benefit  | (59,093,676)        | (61,490,613)        |
| Short-term portion of post-employment medical benefit | (3,848,652)         | (3,897,396)         |
|   | <b>(62,942,328)</b> | <b>(65,388,009)</b> |

|   |                     |                     |
|---|---------------------|---------------------|
| Long-term portion of post-employment medical benefit  | (59,093,676)        | (61,490,613)        |
| Short-term portion of post-employment medical benefit | (3,848,652)         | (3,897,396)         |
|   | <b>(62,942,328)</b> | <b>(65,388,009)</b> |

The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods are as follows:

|                            |            |
|----------------------------|------------|
| Financial period 2011/2012 | 58,049,255 |
| Financial period 2012/2013 | 63,481,921 |
| Financial period 2013/2014 | 62,002,301 |
| Financial period 2014/2015 | 65,388,009 |
| Financial period 2015/2016 | 62,942,328 |

#### Accumulative actuarial gains and losses

|                                      |                    |                     |
|--------------------------------------|--------------------|---------------------|
| Balance at the beginning of the year | (12,862,406)       | (11,600,888)        |
| Projected during the year            | 4,084,028          | (1,261,518)         |
|                                      | <b>(8,778,378)</b> | <b>(12,862,406)</b> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 17. Post-employment medical benefit (continued)

#### Post Retirement fund benefits

Employees and council contribute to Cape Joint Retirement Fund on the basis of a fixed contribution, which is charged against income as incurred.

The municipality's net obligation in respect of post employment medical benefits was calculated by ARCH Actuarial Consulting as at 30 June 2016 and 30 June 2015. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

84 Principle members are currently covered by the fund (2015 : 88 members).

#### Valuation method

##### *Pre-retirement benefits*

The death in-service benefit is regarded as a post-employment liability under the requirements of IAS 19.

##### *Post-retirement benefits*

The method of accrual that has been used in the valuation is based on the length of service at the valuation date relative to the total potential service until the expected retirement date. The future-service liability is the difference between the total liability and the past-service liability.

##### *Accrued defined benefit obligation*

The accrued liability is the value of the employer's share of the contribution - based liability.

##### *Current service cost*

The current service cost for the following year is determined as the amount assumed to accrue to the member over the next twelve months.

#### Value assumptions

##### *Rate of interest*

Medical aid inflation rate 8.03% p.a.

Investment return 8.89% p.a.

The discount rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2016. The corresponding index-linked yield at this term was 1.74% using the discount rate of 8.89% per annum.

A Health Care Cost inflation rate of 8.03% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.53%. A larger differential will be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 0.79%. The expected inflation assumption of 6.53% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (1.74%) and those of fixed interest bonds (8.89%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%).

The next contribution increase was assumed to occur with effect from 1 January 2017.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 17. Post-employment medical benefit (continued)

#### *Mortality rates*

Mortality for pre-retirement benefits has been based on the SA 85-90 mortality table rated down by three years for females and on the PA (90) ultimate table, adjusted downwards by one year of age.

#### *Normal retirement age*

The Normal Retirement Ages for the municipality are 65 years for employees. An average retirement age of 63 years for males and 60 years for females has been assumed which allows for expected rates of early and ill-health retirement.

#### *Family profile*

It was assumed that 90% of those in-service members who remain on the health care arrangements will be married at retirement. Further, it has been assumed that in-service husbands will be three years older than their wives. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

#### *Withdrawals*

Where an in-service member leaves, the employer's liability in respect of the employee ceases and caution was taken in not overstating the withdrawal rates. The assumed rates are as follows:

| Age | Females | Males |
|-----|---------|-------|
| 20  | 24%     | 16%   |
| 30  | 18%     | 12%   |
| 40  | 10%     | 8%    |
| 50  | 4%      | 4%    |
| >55 | 2%      | 2%    |

#### *Medical aid contributions at retirement*

It is assumed that all the members will remain members of the medical aid scheme after retirement and that members would be in the same contribution category in all future years as on the valuation date.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand 2016 2015

### 18. Provisions

#### Reconciliation of provisions - 2016

|                               | Opening<br>Balance | Additions      | Utilised during<br>the year | Reversed<br>during the year | Total          |
|-------------------------------|--------------------|----------------|-----------------------------|-----------------------------|----------------|
| Performance bonus             | 212,783            | 236,542        | (203,026)                   | (9,757)                     | 236,542        |
| Long service bonus            | 201,465            | 482,917        | (76,652)                    | (124,813)                   | 482,917        |
| <b>Balance at end of year</b> | <b>414,248</b>     | <b>719,459</b> | <b>(279,678)</b>            | <b>(134,570)</b>            | <b>719,459</b> |

#### Reconciliation of provisions - 2015

|                    | Opening<br>Balance | Additions      | Utilised during<br>the year | Reversed<br>during the year | Total          |
|--------------------|--------------------|----------------|-----------------------------|-----------------------------|----------------|
| Performance bonus  | 199,965            | 212,783        | (116,696)                   | (83,269)                    | 212,783        |
| Long service bonus | 589,340            | 201,465        | (507,133)                   | (82,207)                    | 201,465        |
|                    | <b>789,305</b>     | <b>414,248</b> | <b>(623,829)</b>            | <b>(165,476)</b>            | <b>414,248</b> |

#### Performance bonus provision

Performance bonuses are calculated based on performance agreements, which are linked to key performance indicators determined in the Service Delivery and Budget Implementation Plan. Bonuses are expected to be paid during the following financial year dependent on the outcome of the performance reviews and council approval.

#### Long service bonus provision

Long service bonuses are calculated based on SALGA regulations. These bonuses are payable in the financial year in which the employees reach the required number of years of service.

### 19. Revaluation Reserve

Land and Buildings were valued at 30 June 2015 using the income capitalisation, comparable sales of sectional title office developments and comparable sales methods by Suid Kaap Waardeerders, a registered and independent valuator.

The revaluation surplus is reconciled as follows:

|   |                   |                   |
|---|-------------------|-------------------|
| Balance at beginning of the year  | 76,957,915        | 75,702,949        |
| Revaluation on property, plant and equipment during the year (refer to Note 11) | -                 | 246,966           |
| Revaluation on heritage assets during the year (refer to Note 13)               | -                 | 1,008,000         |
| <b>Balance at the end of the year</b>   | <b>76,957,915</b> | <b>76,957,915</b> |

Refer to Note 28 for Restatement of prior year figures.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand   | 2016               | 2015               |
|---|--------------------|--------------------|
| <b>20. <u>Accumulated surplus</u></b>   |                    |                    |
| <u>The accumulated surplus is reserved for the following purpose:</u>                               |                    |                    |
| General   | 159,211,580        | 163,316,289        |
| <u>The cash backed portion of the accumulated surplus is ring fenced for the following purpose:</u> |                    |                    |
| General   | 144,211,580        | 138,897,214        |
| Allowance for impairment  | -                  | 9,419,075          |
| Restructuring grant funds allocated to surplus  | 15,000,000         | 15,000,000         |
|   | <b>159,211,580</b> | <b>163,316,289</b> |
| <b>21. <u>Total Revenue - includes</u></b>  |                    |                    |
| <u>Other revenue:</u>   |                    |                    |
| Settlement discount received  | 25,000             | 27,990             |
| Contribution from skills development fund   | 61,429             | 64,061             |
| Job evaluation fees   | 500,035            | -                  |
| Infrastructure projects funded from infrastructure contingency fund                                 | -                  | 103,336            |
| Tender deposits   | 20,746             | 11,790             |
| Other   | 38,828             | 15,735             |
| Total other revenue   | <u>646,038</u>     | <u>222,912</u>     |
| Revenue from exchange transactions  |                    |                    |
| Rental  | 1,394,663          | 1,208,685          |
| Interest income   | 18,054,689         | 17,261,678         |
| Income from agency services   | 45,797             | 41,669             |
| Total revenue from exchange transactions (excl VAT)   | <u>19,495,149</u>  | <u>18,512,032</u>  |
| Revenue from non exchange transactions  |                    |                    |
| Government grants and subsidies   | 95,432,020         | 89,383,537         |
| Fair value gain on revaluation of investment property   | -                  | 365,000            |
| Reduction in provision for debt impairment  | 8,154,268          | 806,679            |
| Actuarial gain on post employment medical benefit   | 4,084,028          | -                  |
| Impairment reversal   | -                  | 128,347            |
| Other revenue   | 646,038            | 222,912            |
| Total revenue from non exchange transactions  | <u>108,316,354</u> | <u>90,906,475</u>  |
| Total revenue from exchange and non exchange transactions   | <u>127,811,503</u> | <u>109,418,507</u> |
| Revenue   | 96,826,683         | 90,592,222         |
| Other income  | 30,984,820         | 18,826,285         |
| Total revenue from exchange and non exchange transactions   | <u>127,811,503</u> | <u>109,418,507</u> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand 2016 2015

### 22. Government grants and subsidies

|   |                   |                   |
|---|-------------------|-------------------|
| Equitable share                           | 80,759,000        | 80,008,000        |
| Grant funding - expenditure reimbursement | 14,673,020        | 9,375,537         |
|   | <b>95,432,020</b> | <b>89,383,537</b> |

#### Equitable Share

In terms of the Constitution, this grant is used to finance the operations of the institution.

#### DORA

|   |             |             |
|---|-------------|-------------|
| Current-year receipts                   | 6,023,000   | 5,530,000   |
| Conditions met - transferred to revenue | (6,023,000) | (5,530,000) |
| <b>Total Government Grants</b>          | <b>-</b>    | <b>-</b>    |

The following conditional grants were received through the DORA allocations during the financial year:

- R1 250 000 - Finance Management Grant (FMG)
- R 940 000 - Municipal Systems Improvement Grant (MSIG)
- R1 133 000 - Expanded Public Works Programme Grant (EPWPG)
- R2 200 000 - Rural Roads Asset Management Grant

The conditions of the above grants has been met and the full amounts were transferred to revenue during the year.

### 23. Conditional grants expenditure and other grants and subsidies paid

|  |                   |                  |
|--|-------------------|------------------|
| Under conditional grant expenditure                | 12,497,854        | 7,173,355        |
| Under employee costs                               | 491,603           | 413,095          |
| Under capital expenditure                          | -                 | 176,836          |
| Under contracted services and general expenses     | 41,557            | 729,128          |
| <b>Total conditional grants and subsidies paid</b> | <b>13,031,014</b> | <b>8,492,414</b> |

#### Other grants and subsidies paid

|  |                   |                   |
|--|-------------------|-------------------|
| Sundries                                     | 76,799            | 132,135           |
| Koukamma flood damage interest               | -                 | 37,387            |
| Cacadu Development Agency (CDA)              | 1,000,000         | 4,000,000         |
| Environmental health subsidies               | 9,500,000         | 9,020,003         |
| <b>Total other grants and subsidies paid</b> | <b>10,576,799</b> | <b>13,189,525</b> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand                             | 2016              | 2015              |
|---|-------------------|-------------------|
| <b>24. <u>Employee costs</u></b>            |                   |                   |
| Remuneration of employees                   | 38,544,872        | 34,842,632        |
| Remuneration of Councillors (Refer Note 25) | 6,635,500         | 6,407,470         |
| <b>Total Employee Costs</b>                 | <b>45,180,372</b> | <b>41,250,102</b> |

The remuneration of employees are determined in accordance with the task grade and the applicable notch allocated to the employees in their positions. The municipality is graded as a Category 5 municipality which effects the remuneration ranges of positions of employees. The municipality operates in accordance with the Collective Agreements entered into between the municipality and Bargaining Council.

Set out below are the details for remuneration paid to Directorate Heads (included in remuneration of employees):

### Remuneration of Municipal Manager

|                     |                  |                  |
|---------------------|------------------|------------------|
| Annual remuneration | 1,115,276        | 1,042,717        |
| Car allowance       | 156,000          | 156,000          |
| Performance bonuses | 83,051           | 66,967           |
| Travel claims       | 17,576           | 21,049           |
|                     | <b>1,371,903</b> | <b>1,286,733</b> |

Mr DM Pillay is the Municipal Manager and was re-appointed on 1 January 2012 for a period of 5 years.

### Remuneration of the Director Finance and Corporate Services

|                     |                |                  |
|---------------------|----------------|------------------|
| Annual remuneration | 607,388        | 923,675          |
| Car allowance       | 84,000         | 144,000          |
| Performance bonuses | 52,862         | 49,729           |
|                     | <b>744,250</b> | <b>1,117,404</b> |

Mr D De Lange was the Director : Finance and Corporate Services re-appointed on 1 January 2012 for a period of 5 years. Mr De Lange however resigned with an effective date of 31 January 2016. The current year remuneration therefore reflects a period of 7 months only.

### Remuneration of the Director Economic Development

|                     |                  |                |
|---------------------|------------------|----------------|
| Annual Remuneration | 911,274          | 848,846        |
| Car Allowance       | 120,000          | 120,000        |
| Performance Bonuses | 67,113           | -              |
|                     | <b>1,098,387</b> | <b>968,846</b> |

Mr P Kate is the Director : Economic Development and was appointed on 1 October 2011 for a period of 5 years.

### Remuneration of the Director Infrastructure Services and Planning

|                     |                  |                  |
|---------------------|------------------|------------------|
| Annual remuneration | 985,238          | 923,726          |
| Car allowance       | 144,000          | 144,000          |
| Travel claims       | 29,300           | 28,422           |
|                     | <b>1,158,538</b> | <b>1,096,148</b> |

Mr B Makedama is the Director : Infrastructure Services and Planning and was appointed on 1 November 2011 for a period of 5 years.



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand  | 2016             | 2015             |
|--|------------------|------------------|
| <b>25. <u>Remuneration of councillors</u></b>              |                  |                  |
| Executive Mayor  | 823,076          | 819,596          |
| Speaker  | 659,864          | 625,868          |
| Portfolio Councillor: Special Programmes                   | 620,852          | 588,342          |
| Portfolio Councillor: Economic Development                 | 620,852          | 592,615          |
| Portfolio Councillor: Finance and Corporate Services       | 628,260          | 592,477          |
| Portfolio Councillor: Infrastructure Services and Planning | 620,852          | 588,342          |
| Portfolio Councillor: Tourism                              | 622,689          | 591,823          |
| Councillors  | 2,039,055        | 2,008,407        |
|  | <b>6,635,500</b> | <b>6,407,470</b> |

### In-kind benefits

The Executive Mayor and the Mayoral committee members are full time Councillors and are provided with offices and secretarial support at the cost of the Council.

The Executive Mayor has the use of a council owned vehicle for official duties.

### **26. Financial instruments - financial assets by category**

Financial Instruments are classified into the following categories:

Financial Assets: Loans and Receivables

Financial Liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed.

### 2016

|  | Loans and receivables | Total              |
|--|-----------------------|--------------------|
| Receivables from exchange transactions     | 621,372               | 621,372            |
| Receivables from non-exchange transactions | 3,353,521             | 3,353,521          |
| Deposits                                   | 852,563               | 852,563            |
| Short-term investments                     | 135,000,000           | 135,000,000        |
| Cash and cash equivalents                  | 99,300,736            | 99,300,736         |
|  | <b>239,128,192</b>    | <b>239,128,192</b> |

### 2015

|  | Loans and receivables | Total              |
|--|-----------------------|--------------------|
| Receivables from exchange transactions     | 562,723               | 562,723            |
| Receivables from non-exchange transactions | 794,208               | 794,208            |
| Deposits                                   | 15,410                | 15,410             |
| Short-term investments                     | 171,000,000           | 171,000,000        |
| Cash and cash equivalents                  | 85,303,098            | 85,303,098         |
|  | <b>257,675,439</b>    | <b>257,675,439</b> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 27. Financial instruments: financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

#### 2016

|   | Financial liabilities at amortised cost | Non financial liabilities | Total             |
|---|---|---------------------------|-------------------|
| Post employment medical benefit                           | -                                       | 59,093,676                | 59,093,676        |
| Long-term portion of infrastructure levies                | 1,022,570                               | -                         | 1,022,570         |
| Provisions  | -                                       | 719,459                   | 719,459           |
| Payables from exchange transactions                       | 25,518,231                              | -                         | 25,518,231        |
| Short-term portion of the post employment medical benefit | -                                       | 3,848,652                 | 3,848,652         |
|   | <b>26,540,801</b>                       | <b>63,661,787</b>         | <b>90,202,588</b> |

#### 2015

|   | Financial liabilities at amortised cost | Fair value through surplus or deficit - held for trading | Total              |
|---|---|--|--------------------|
| Post employment medical benefit                       | -                                       | 61,490,613   | 61,490,613         |
| Unspent conditional grants and receipts               | 9,013,499                               | -  | 9,013,499          |
| Long-term portion of infrastructure levies            | 1,022,570                               | -  | 1,022,570          |
| Provisions  | -                                       | 414,248  | 414,248            |
| Payables from exchange transactions                   | 28,907,557                              | -  | 28,907,557         |
| Short-term portion of unspent conditional grants      | -                                       | -  | -                  |
| Short-term portion of post employment medical benefit | -                                       | 3,897,396  | 3,897,396          |
|   | <b>38,943,626</b>                       | <b>65,802,257</b>  | <b>104,745,883</b> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand   | 2016 | 2015               |
|---|------|--------------------|
| <b>28. <u>Restatement of prior year figures</u></b>   |      |                    |
| <u>Summary of changes to the surplus opening balance:</u>   |      |                    |
| Government grant and subsidies  |      | (4,548,382)        |
| General expenses - other  |      | 136,660            |
| Employee related costs  |      | 4,538,354          |
| Depreciation adjusted   |      | 43,534             |
| Other income adjusted   |      | 56,042             |
|   |      | <u>226,208</u>     |
| <u>Summary of changes to the financial position</u>   |      |                    |
| VAT receivable  |      | (1,696,487)        |
| Trade and other receivables from non-exchange transactions  |      | 1,252              |
| Trade and other receivables from exchange transactions  |      | 130,703            |
| Reserves  |      | 806,986            |
| Unspent conditional grants and receipts   |      | 6,487              |
| Payables from exchange transactions   |      | (191,143)          |
| Property plant and equipment  |      | (3,010,074)        |
|   |      | <u>(3,952,276)</u> |
| <u>Summary of changes to the surplus opening balance 2014:</u>  |      |                    |
| Employee costs  |      | (284,863)          |
| Loss on disposal of assets  |      | (2,170,708)        |
| General expenses - other  |      | (1,722,913)        |
|   |      | <u>(4,178,484)</u> |
| <u>Details of changes to the surplus opening balance:</u>   |      |                    |
| Correction of provincial pension amounts received which was previously accounted for in terms of conditional grant receipts |      | (4,554,868)        |
| Conditions of grant was met in the prior year and balance of grant transferred to surplus                                   |      | 6,486              |
| Reversal of accrual raised for service that was subsequently cancelled  |      | 132,000            |
| Reversal of expenditure previously accrued  |      | 4,660              |
| Reversal of provincial pension amounts paid which was previously accounted for in terms of conditional grant expenditure    |      | 4,550,518          |
| Raise employee costs due to an employee in terms of an amendment to the job grade of an employee                            |      | (12,164)           |
| Reversal of depreciation on properties that were disposed of in prior years   |      | 43,534             |
| Reversal of impairment on properties that were disposed of in prior years   |      | 54,789             |
| Raise revenue not accounted for   |      | 1,253              |
|   |      | <u>226,208</u>     |
| <u>Details of changes to the surplus opening balance 2014:</u>  |      |                    |
| Raise employee costs due to an employee in terms of an amendment to the job grade of an employee                            |      | (284,863)          |
| Raise the disposal of properties in prior years not accounted for   |      | (2,170,708)        |
| Recongise a creditor of Kouga Development Agency not previously accounted for   |      | (26,426)           |
| Reversal of VAT incorrectly raised  |      | (1,696,487)        |
|   |      | <u>(4,178,484)</u> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand 2016 2015

### 28. Restatement of prior year figures (continued)

#### Details of changes to the financial position:

|   |             |
|---|-------------|
| Raise revenue not accounted for in receivables                                | 1 252       |
| Raise revenue received on disposal of assets not accounted for in receivables | 130 703     |
| Reversal of revaluation reserve upon disposal of assets not accounted for     | 806 986     |
| Transfer of balance of conditional grant upon conditions being met            | 6 487       |
| Raise and reversal of expenditure not accounted for                           | (191 143)   |
| Disposal of land and buildings not previously accounted for                   | (3 010 074) |
|   | (2 255 789) |

|   | Restated<br>2015   | As previously<br>stated<br>2015 |
|---|--------------------|---------------------------------|
| <b>Revenue</b>                                    |                    |                                 |
| Rental  | 1 208 685          | 1 208 685                       |
| Investment interest                               | 17 261 678         | 17 261 678                      |
| Income from agency services                       | 41 669             | 41 669                          |
| Other income                                      | 351 259            | 295 217                         |
| Government grants and subsidies                   | 89 383 537         | 93 931 919                      |
| Fair value adjustment                             | 365 000            | 365 000                         |
| Reduction in provision for debt impairment        | 806 679            | 806 679                         |
|   | <b>109 418 507</b> | <b>113 910 847</b>              |
| <b>Expenses</b>                                   |                    |                                 |
| Employee related costs                            | 41 250 102         | 45 788 456                      |
| Actuarial loss on post employment medical benefit | 1 261 518          | 1 261 518                       |
| Fines and penalties                               | 782 229            | 782 229                         |
| Depreciation                                      | 1 462 117          | 1 505 651                       |
| Repairs and maintenance                           | 474 625            | 474 625                         |
| Bad debts written off                             | 293 303            | 293 303                         |
| Contracted services                               | 3 234 332          | 3 234 332                       |
| Conditional grant expenditure                     | 7 173 355          | 7 173 355                       |
| Other grants and subsidies paid                   | 13 189 525         | 13 189 525                      |
| General expenses - other                          | 41 762 667         | 41 899 327                      |
| Discounting of post retirement benefit obligation | 5 590 491          | 5 590 491                       |
| Loss on disposal of property, plant and equipment | 583 551            | 583 551                         |
|   | <b>117 057 815</b> | <b>121 776 363</b>              |
| <b>Surplus for the year</b>                       | <b>(7 639 308)</b> | <b>(7 865 516)</b>              |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand  | 2016               | 2015               |
|--|--------------------|--------------------|
| <b>28. Restatement of prior year figures (continued)</b>     |                    |                    |
|  | Restated           | As previously      |
|  | 2015               | stated             |
|  |                    | 2015               |
| <b>Assets</b>  |                    |                    |
| <b>Current Assets</b>  |                    |                    |
| Short term portions of long-term receivables                 |                    |                    |
| Receivables from exchange transactions                       | 562,723            | 432,020            |
| Receivables from non exchange transactions                   | 794,208            | 792,956            |
| VAT receivable   | 1,104,065          | 2,800,552          |
| Deposits paid  | 15,410             | 15,410             |
| Cash and cash equivalents and short-term investments         | <u>256,303,098</u> | <u>256,303,098</u> |
|  | <u>258,779,504</u> | <u>260,344,036</u> |
| <b>Non-current assets</b>                                    |                    |                    |
| Property plant and equipment                                 | 24,980,718         | 27,990,792         |
| Long term receivables  | 182,480            | 182,480            |
| Investment property  | 25,962,500         | 25,962,500         |
| Heritage assets  | 35,028,000         | 35,028,000         |
| Intangible assets  | 86,885             | 86,885             |
|  | <u>86,240,583</u>  | <u>89,250,657</u>  |
| <b>Total Assets</b>  | <u>345,020,087</u> | <u>349,594,693</u> |
| <b>Liabilities</b>   |                    |                    |
| <b>Short-term portion of post employment medical benefit</b> |                    |                    |
| Payables from exchange transactions                          | 3,897,396          | 3,897,396          |
| Unspent conditional grants and receipts                      | 28,907,557         | 28,716,414         |
| Provisions   | 9,013,499          | 9,019,986          |
|  | <u>414,248</u>     | <u>414,248</u>     |
|  | <u>42,232,700</u>  | <u>42,048,044</u>  |
| <b>Non-current liabilities</b>                               |                    |                    |
| Long-term portion of post employment medical benefit         | 61,490,613         | 61,490,613         |
| Long-term portion of infrastructure levies                   | 1,022,570          | 1,022,570          |
|  | <u>62,513,183</u>  | <u>62,513,183</u>  |
| <b>Total Liabilities</b>                                     | <u>104,745,883</u> | <u>104,561,227</u> |
| <b>Total assets less liabilities</b>                         | <u>240,274,204</u> | <u>245,033,466</u> |
| <b>Reserves</b>  |                    |                    |
| Accumulated surplus  | 76,957,915         | 77,764,901         |
| <b>Total Net Assets</b>                                      | <u>163,316,289</u> | <u>167,268,565</u> |
|  | <u>240,274,204</u> | <u>245,033,466</u> |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand   | 2016                | 2015             |
|---|---------------------|------------------|
| <b>29. <u>Cash (used in) generated from operations</u></b>                |                     |                  |
| Deficit   | (4,104,709)         | (7,639,308)      |
| <u>Adjustments for:</u>   |                     |                  |
| Depreciation  | 1,758,778           | 1,462,117        |
| Loss on disposal of property, plant and equipment                         | 230,428             | 583,551          |
| Fair value adjustments  | -                   | (365,000)        |
| Discounting of post employment medical benefit obligation                 | 5,317,885           | 5,590,491        |
| Impairment  | 6,967               | (128,347)        |
| Contributions to provisions   | 305,211             | (375,057)        |
| Service costs   | 314,896             | 528,512          |
| Prior year corrections  | -                   | (180,588)        |
| (Gain) / loss on actuarial valuation for post employment medical benefits | (4,084,028)         | 1,261,518        |
| <u>Changes in working capital:</u>  |                     |                  |
| Receivables from exchange transactions                                    | (58,649)            | (171,041)        |
| Receivables from non-exchange transactions                                | (2,559,313)         | (251,774)        |
| Payables from exchange transactions                                       | (3,389,328)         | 10,387,221       |
| VAT receivable  | (692,339)           | (105,982)        |
| Unspent conditional grants and receipts                                   | (9,013,499)         | (3,842,924)      |
|   | <b>(15,967,700)</b> | <b>6,753,389</b> |

### 30. Finance Leases Reconciliation

The municipality had no external loans in the form of finance leases during the current year.

### 31. Contingent liabilities

|  |           |           |
|--|-----------|-----------|
| A possible liability exists in respect of a claim from a property owner in St Francis Bay resulting from a fire that broke out during 2013. A summons has been issued for damages to the owner's property, which the municipality is currently defending. The date of trial is set for the 15 November 2016. | 6,900,000 | 6,900,000 |
|--|-----------|-----------|

A further legal matter arose as a result of the fire that broke out in St Francis Bay during 2013. A summons was received by the municipality whereby the plaintiffs are claiming R6 824 650 for damages against the owners' property. The matter will however proceed based on the outcome of the above matter.

|  |   |         |
|--|---|---------|
| A possible liability exists in respect of a claim made against the municipality by the farm owner, where illegal occupation of farm land occurred by community members of Sundays River Valley Municipality. The matter has been postponed indefinitely. | - | 624,630 |
|--|---|---------|

|   |           |   |
|---|-----------|---|
| A possible liability exists in respect of a claim from Koukamma Municipality on fire expenditure incurred in the performance of the district municipality's fire services in accordance with a service level agreement entered into with the local municipality. A summons was received by the municipality, which the municipality is currently defending. | 9,476,125 | - |
|---|-----------|---|

|                   |                  |
|-------------------|------------------|
| <b>16,376,125</b> | <b>7,524,630</b> |
|-------------------|------------------|

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

---

| Figures in Rand | 2016 | 2015 |
|-----------------|------|------|
|-----------------|------|------|

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### 32. Contingent asset

|                       |   |           |
|-----------------------|---|-----------|
| Defective workmanship | - | 2,000,000 |
|-----------------------|---|-----------|

A possible asset exists in respect of a claim in terms of defective workmanship and overpayment for work done in 2003/04 financial year.

Upon the assessment of the case, the attorneys has advised the municipality that the likelihood of success in the case is diminishing as either the key witnesses appears to be reluctant to testify or the witnesses has deceased.

Upon receiving formal communication from the attorney on the above matter, a report will be presented to Council to resolve on the matter.

The contingent asset thus remains until resolved by Council, but with the likelihood of success diminishing, no amount is being disclosed due to the uncertainty thereof and the amount not being probable.

#### Value Added Taxation audit

In the prior year, SARS concluded a VAT audit covering the period 2008 to 2013. The audit outcome required the municipality to refund SARS, with an amount of R2.5 million which included an amount of R781 460 for penalties and interest. The municipality believed that the findings raised by SARS was not completely accurate. A contingent asset therefore existed in terms of a refund that the municipality may have received as a result of the outcome of an objection.

Upon investigating the outcome of the SARS audit in the current year, it was established that the municipality's VAT submissions were incorrect and no claim will be lodged against SARS. The matter was concluded with SARS and no contingent asset exists.

### 33. Unauthorised, irregular, fruitless and wasteful expenditure

#### **Unauthorised expenditure**

No unauthorised expenditure was incurred in the current and previous financial years.

#### **Irregular expenditure**

Refer to Note 42

#### **Fruitless and wasteful expenditure**

Refer to Note 48

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand  | 2016             | 2015             |
|--|------------------|------------------|
| <b>34. <u>Additional disclosure in terms of Municipal Finance Management Act</u></b> |                  |                  |
| <u>Contributions to organised local government</u>                                   |                  |                  |
| Opening balance  | (559,800)        | (500,000)        |
| Council subscription   | 559,800          | 531,720          |
| Amount paid - current year   | -                | (31,720)         |
| Amount paid in advance for the following year  | (500,000)        | (559,800)        |
| <b>Amount paid in advance (included in receivables)</b>                              | <b>(500,000)</b> | <b>(559,800)</b> |
| <u>External Audit fees</u>   |                  |                  |
| Prior year audit fee   | -                | 7,781            |
| Current year audit fee   | 3,760,581        | 3,127,576        |
| Audit Planning fees for the following year   | 874,167          | 1,135,092        |
| Amount paid - current year   | (4,634,748)      | (4,270,449)      |
|  | -                | -                |
| <u>PAYE, UIF and SDL</u>   |                  |                  |
| Opening balance  | 288,429          | 288,429          |
| Current year payroll deductions  | 8,878,766        | 8,555,433        |
| Amount paid - current year   | (8,926,352)      | (8,555,433)      |
|  | <b>240,843</b>   | <b>288,429</b>   |
| <u>Pension and Medical Aid Deductions</u>  |                  |                  |
| Current year payroll deductions and Council Contributions                            | 4,645,868        | 3,755,674        |
| Amount paid - current year   | (4,645,868)      | (3,755,674)      |
|  | -                | -                |
| <u>VAT</u>   |                  |                  |
| VAT receivable   | 1,796,404        | 1,104,065        |

All VAT returns have been submitted by the due date throughout the year. All returns submitted for the year were VAT input claims and therefore no VAT output payments were made during the year.

### 35. In-kind donations and assistance

No donations have occurred during the current year.



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 36. Risk management

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included, as the municipality is not exposed to foreign exchange risk or interest rate risk. The municipality does not enter into any foreign exchange transactions and since the municipality effects payments on presentation of invoices, no interest rate charges are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

|                          | Less than 1<br>year | Between 1 and<br>2 years | Between 2 and<br>5 years | Over 5 years |
|--------------------------|---------------------|--------------------------|--------------------------|--------------|
| At 30 June 2016          |                     |                          |                          |              |
| Trade and other payables | 25,518,231          | -                        | -                        | -            |
| Other Payables           | -                   | 4,568,111                | -                        | -            |
| At 30 June 2015          |                     |                          |                          |              |
| Trade and other payables | 28,907,557          | -                        | -                        | -            |
| Other Payables           | -                   | 13,325,143               | -                        | -            |

#### Interest rate risk

The current account and the call account expose the municipality to an interest rate risk on cash flows. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% in either direction, the effect on the cash balance would be R2 million in either direction.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding Department of Housing (Housing Scheme) receivables.

Management believes that the allowance for impairment adequately addresses the credit risk involved.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 37. Events after the reporting date

Management is not aware of any events after the reporting date.

### 38. Compliance with the Municipal Finance Management Act

The municipality has implemented additional controls to ensure compliance with the MFMA. The area of concentration during the current and previous year was the Supply Chain Management policy. The municipality has improved the controls significantly during the current and prior year to ensure compliance with the policy and regulations. The controls have been implemented and are being implemented and monitored.

Management is not aware of any other non-compliance by the municipality that would require disclosure in the financial statements.

### 39. Related parties

#### **Cacadu Development Agency**

The wholly-owned municipal entity, Cacadu Development Agency (CDA) continued its operations in the current year.

The CDA is in its operational phase but it still not fully operational due to the implications that the disestablishment of the Blue Crane Development Agency may have had on the Agency. This has caused a delay in the CDA appointing key personnel required in accordance with the approved organogram of the entity. The municipality has provided the required resources to CDA in this interim period.

The municipality has also provided the CDA with an unconditional grant of R1 000 000 to fund the operations of the Agency for the 2015/16 financial year. The budget was reduced from R4 000 000 in the previous year due to the CDA utilising their surplus to fund their budget.

There were no other transactions between the municipality and CDA.

#### **Post retirement medical aid benefit plan**

The municipality, as part of the conditions of service of employees, keeps on contributing its portion of the contributing members to medical aid funds at the retirement of these employees for as long as this member is alive and contributing his or her portion.

The medical aid schemes involved are as follows:

- Bonitas
- Hosmed/ Key Health
- LA Health
- Samwumed

Transactions with these schemes amounted to R2 362 205 (2015: R2 182 247)

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 39. Related parties (continued)

#### Councillors and employees

Councillors and employees have declared no interest or gain in or from any transaction entered into with the municipality by any organisation or business.

The following interests in institutions have been declared, but no transactions have been entered into:

| <u>Employee</u> | <u>Entity Name</u>   | <u>Transactions</u>  |
|-----------------|--|----------------------|
| Mr D De Lange   | Humerail Bed and Breakfast CC<br>Mun Fin Management Services CC  | None<br>None         |
| Mr B Makedama   | Makedama & Associates  | None                 |
| Mrs M Nohashe   | Asesima (Pty) Ltd  | None                 |
| Mr K Majokweni  | Gem Development & Trading Services (Pty) Ltd   | None                 |
| Mrs T Mafongosi | Endleleni Liquor Stores  | None                 |
| Mr R Lorgat     | RNL Business & Property Consultants<br>RNL Investments (Pty) Ltd                                       | None<br>None         |
| Mr T Mgudlwa    | On-board Invest (Pty) Ltd  | None                 |
| Mr D Mbolekwa   | Bravorox   | None                 |
| Mr L Madlakane  | Gxothindlala Construction  | None                 |
| Mrs N Mlenzana  | Pantium Trading  | None                 |
| Ms X Ben        | Sherpa Trade Invest 89 (Pty) Ltd<br>Ezikhahinstu CHD Freight Trucking & Plant Hire<br>AB 350 (Pty) Ltd | None<br>None<br>None |
| Ms Z Sibeko     | Kuzi Fishing<br>EL Olom Trading<br>Isifingo  | None<br>None<br>None |
| Mrs G David     | Jumpstart CC   | None                 |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 39. Related parties (continued)

#### Councillor

|                    |                                |      |
|--------------------|--------------------------------|------|
| Mr H M Hendricks   | Didi's Transport CC            | None |
| Mr V S Stuurman    | Manufacturing Processing       | None |
| Mr R M J Gailey    | CRH Holdings & Ranger Drops    | None |
|                    | Melro Farming & Trading        | None |
|                    | Fair Game Safaris              | None |
|                    | HPFT Rory Gailey Family Trust  | None |
|                    | Partnership CRH Holdings       | None |
| Mr S Lucas         | Dixy Management Services       | None |
| Ms N Pieters       | Liqhayiya Trading              | None |
|                    | Atmoline (Pty) Ltd             | None |
| Mr P Faxi          | NFT t/a Sibanye                | None |
|                    | NFT & Rubicon Vision           | None |
| Mrs C Reeders      | Reeders Family Trust           | None |
| Mr D J Bezuidenout | Sakkies Housing Development CC | None |
|                    | Longfield Trust                | None |
| Mrs J C Wells      | Wolery CC                      | None |

#### Awards to close family members of persons in the service of the state

The municipality is not aware of any incidents where awards were made to close family members in the service of the state during both the current year and the previous year.

#### Key management personnel

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipality, directly or indirectly, including any director of the municipality: Executive Mayor, Speaker, Mayoral Committee members, Councillors, Municipal Manager and Directors

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 40. Significant estimates and judgements

The preparation of SBDM's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the municipality's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

##### Receivables from non exchange transactions

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R867 900 (2015: R9 231 380) was included in the provision for debt impairment.

##### Property, plant and equipment, investment property and heritage assets

The accounting policies of property, plant and equipment, investment property and heritage assets require that the land and buildings be revalued with sufficient regularity and where the value is expected to differ materially from the previous year.

Based on the previous years' revaluations, the changes in the values of the land and buildings were considered insignificant in relation to the value of the respective land and buildings. There were also no circumstances that indicated that the values of the land and buildings would have changed materially.

The valuation of land and buildings was therefore not considered necessary in the current financial year.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

##### Post employment medical benefit

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to dependants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating actuarial assumptions. The net employee liability at 30 June 2016 is R62 942 328 (2015: R65 388 009). Further details are provided in Note 16.

##### Property, plant and equipment

The estimates and associated assumptions are based on the historical experience and management's estimation of conditions. Limited changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated useful lives in the prior years, are still appropriate.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 40. Significant estimates and judgements (continued)

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management's estimation of the condition of the assets. Limited changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

### 41. Standards of GRAP issued but not yet effective

The following standards have been issued but are not yet effective:

|           |   |
|-----------|---|
| GRAP 20:  | Related Party Disclosures                 |
| GRAP 32:  | Service Concession Arrangements - Grantor |
| GRAP 108: | Statutory Receivables                     |
| GRAP 109: | Accounting by Principals and Agents       |

#### GRAP 20: Related Party Disclosures

The effect on the financial statements of introducing this standard will require the municipality to implement additional procedures to ensure that all the required information is collected in a controlled manner to ensure the completeness of the disclosures required.

#### GRAP 32: Service Concession Arrangements - Grantor

The financial statements of the municipality will not be effected by this standard unless the municipality enters into any Service Concession Arrangements, whereby assets of the municipality are used to generate revenue by a 3rd party.

#### GRAP 108: Statutory Receivables

The effect on the financial statements of introducing this standard is not material as most of the principles in the standard is already applied or the information readily available.

#### GRAP 109: Accounting by Principals and Agents

The effect on the financial statements of introducing this standard is not material as most of the principles in the standard would not be applicable to the municipality unless the municipality enters into a principal-agent agreement.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand   | 2016           | 2015             |
|---|----------------|------------------|
| <b>42. Irregular expenditure</b>                                      |                |                  |
| Opening balance   | 1,469,287      | 6,393,211        |
| Add: Irregular Expenditure - current year                             | 99,975         | 3,108,976        |
| Add: Irregular Expenditure - prior year                               | 218,464        | -                |
| Less: Expenditure certified as irrecoverable / written off by Council | (1,023,482)    | (8,032,900)      |
|   | <b>764,244</b> | <b>1,469,287</b> |

### Details of irregular expenditure

|  |                |                  |
|--|----------------|------------------|
| Deviations were not considered valid   | 318,439        | 262,149          |
| Bid awarded in prior years did not comply with the supply chain management regulations as follows: | -              | 2,663,171        |
| - Bids of a long-term nature that were not advertised for at least 30 days                         |                |                  |
| - Bids were not evaluated in accordance with the preferential procurement points system            |                |                  |
| - The evidence of specification committees were not available                                      |                |                  |
| - No evidence of required website publication  |                |                  |
| 2 Formal quotations did not comply with the local production requirements                          | -              | 183,656          |
|  | <b>318,439</b> | <b>3,108,976</b> |

On 6 July 2016, the Council condoned / wrote off an amount of R247 355 relating to incidents of irregular expenditure raised in the prior year. Irregular expenditure amounting to R198 450 is under further investigation.

Although there has been contravention of the procurement processes and procedures, goods and services have been received.

### 43. Deviations

The following deviations from the supply chain management policy were approved by the municipal manager during the financial year:

| Reason   | No. of incidents |                   |                  |
|--|------------------|-------------------|------------------|
| Emergency  | 2                | 1,086,572         | 17,909           |
| Goods or services are produced or available from a single provider   | 15               | 720,903           | 231,415          |
| In any other exceptional case where it is impractical or impossible to follow the official procurement processes | 55               | 9,083,218         | 6,068,018        |
|  |                  | <b>10,890,693</b> | <b>6,317,342</b> |

### 44. Change in estimate

#### Property, plant and equipment

The municipality has reassessed the useful lives and residual values of property, plant and equipment which resulted in certain computer equipment, office equipment and furniture and fittings' remaining useful lives being adjusted based on the condition of the assets. The residual values of the assets have also been reassessed and adjusted where necessary. The effect of the change in accounting estimate has resulted in an increase in depreciation amounting to R 27,647 for the current period (2015: R 4 383). The effect on future periods could not reasonably be determined.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

---

| Figures in Rand | 2016 | 2015 |
|-----------------|------|------|
|-----------------|------|------|

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### 45. Commitments

#### Capital expenditure

|  |                  |                  |
|--|------------------|------------------|
| - Approved and contracted for                              | 7,936,287        | 7,061,004        |
| - Approved by Council, but not yet contracted to / awarded | -                | -                |
|  | <u>7,936,287</u> | <u>7,061,004</u> |

This committed expenditure relates to plant and equipment and will be financed by conditional grants and retained surpluses.

#### *Restatement*

In the prior year, an amount of R18 816 647 was disclosed as Approved and contracted for and an amount of R10 974 018 was disclosed as Approved by Council, but not yet contracted to / awarded. The error was due to the incorrect interpretation of the required disclosure. The prior year has therefore been restated.

#### Non-capital expenditure

|  |                  |                  |
|--|------------------|------------------|
| - Approved and contracted for                    | 6,561,865        | 8,139,712        |
| - Approved by Council, but not yet contracted to | -                | -                |
|  | <u>6,561,865</u> | <u>8,139,712</u> |

This non-committed expenditure relates to other commitments and will be financed by conditional grants and retained surpluses.

#### *Restatement*

In the prior year, an amount of R7 241 994 was disclosed as Approved and contracted for and an amount of R8 025 238 was disclosed as Approved by Council, but not yet contracted to / awarded. The error was due to the incorrect interpretation of the required disclosure. The prior year has therefore been restated.



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 46. Budget differences

#### Material differences between budget and actual amounts

##### **Investment revenue**

The excess of actual investment revenue over the final budget is 15%, which was due to the increase in the interest rates received on investments during the year, from an estimated average of 6% per annum to rates exceeding 7.5%.

##### **Other own revenue**

Based on the principles of budgeting, this area is utilised to fund the budget of the municipality and therefore the budgeted amount is high. The amount reflected in the financial statements is however only the actual other revenue received during the year. The variance therefore relates to the portion utilised to balance the revenue budget from accumulated surplus.

##### **Employee costs**

The variance of 17% was attributable to vacancies as well as savings in various other employee related costs.

##### **Transfers and grants**

The variance of 11% is a result of a grant that was planned to be received and spent during the year. The grant was however not received. Also, the expenditure reflected in the Statement of Financial Performance is exclusive of value added taxation with the budget reflecting the total expenditure amount inclusive of value added taxation.

##### **Other expenditure**

The variance of 33% is mainly due to under-expenditure on own-funded projects. Other factors that contributed to the variance are cost-savings on operational activities, as well as instances of over-estimation of budgets on projects.

##### **Capital expenditure**

The variance of 76% is mainly due to an amount of R4 000 000 budgeted for improvements to the municipality's office building. The planned activities were awarded during the year but no expenditure was incurred at year end.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand                    | 2016              | 2015              |
|------------------------------------|-------------------|-------------------|
| <b>47. <u>General expenses</u></b> |                   |                   |
| Advertising and promotions         | 754,206           | 597,701           |
| Auditors fees                      | 4,213,555         | 3,861,385         |
| Catering                           | 717,019           | 472,322           |
| Congress and visits                | 1,827,514         | 2,155,278         |
| General - other                    | 1,194,387         | 1,095,224         |
| Insurance                          | 346,002           | 339,118           |
| Legal expenses                     | 644,093           | 586,108           |
| Licences                           | 200,444           | 85,079            |
| Fuel and oil                       | 981,742           | 812,521           |
| Printing and stationery            | 1,291,169         | 1,193,129         |
| Publications                       | 1,268,367         | 1,135,899         |
| Project costs                      | 35,907,229        | 25,922,289        |
| Subscriptions                      | 638,841           | 605,281           |
| Telephone and fax                  | 911,287           | 1,021,708         |
| Training and development           | 790,281           | 952,632           |
| Utilities                          | 1,045,906         | 926,993           |
|                                    | <b>52,732,042</b> | <b>41,762,667</b> |

## 48. Fruitless and wasteful expenditure

|   |                |                |
|---|----------------|----------------|
| Opening balance   | 782,128        | -              |
| Current year  | 296,812        | 782,229        |
| Less: Expenditure certified as irrecoverable / written off by Council | (782,128)      | (101)          |
|   | <b>296,812</b> | <b>782,128</b> |

Details of fruitless and wasteful expenditure:

### *Current year*

An amount of R433 of interest was incurred on late payment of tuition fees to Nelson Mandela Metropolitan University. This amount is reflected under fines and penalties.

An amount of R296 379 was paid as project expenditure during the year. An internal investigation revealed that the internal controls were adequate. However, the documentation provided to change the bank details of the company were fraudulent which resulted in the amount being paid into an incorrect bank account. The fraud matter was reported to the Commercial Crimes Unit and is currently under investigation. This amount is included under project costs.

### *Prior year*

An amount of R101 of interest was incurred on late payment of the telephone account to Telkom.

An amount of R668 of interest was incurred on late payment of the municipal account to Nelson Mandela Bay Municipality. A request was made to have the interest reversed.

An amount of R781 460 of penalties and interest was paid to the South African Revenue Services on the over-estimation of VAT Input claimed during the 2008 and 2013 financial years in accordance with a SARS audit conducted.

The above expenditure is reflected under fines and penalties.

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Financial Statements for the year ended 30 June 2016

**Notes to the Financial Statements**  
Figures in Rand

**49. Conditional grants and receipts**

|   | UNSPENT<br>BALANCE<br>30 JUNE 2015<br>RAND | CONTRIBUTIONS/<br>ADJUSTMENTS<br>RAND | INTEREST<br>ALLOCATED<br>RAND | VALUE ADDED<br>TAXATION RAND | CURRENT YEAR<br>RECEIPTS<br>RAND | TRANSFER TO<br>REVENUE<br>RAND | CAPITAL<br>EXPENDITURE<br>RAND | UNSPENT BALANCE<br>30 JUNE 2016<br>RAND |
|---|--|---------------------------------------|-------------------------------|------------------------------|----------------------------------|--------------------------------|--------------------------------|---|
| DROUGHT RELIEF 2010/2011                  | 50 212                                     | -                                     | -                             | (88 033)                     | -                                | (50 212)                       | -                              | -                                       |
| FINANCE MANAGEMENT GRANT                  | -  | -                                     | -                             | -                            | 1 250 000                        | (1 161 967)                    | -                              | -                                       |
| HOUSING PROJECTS                          | 842 067                                    | -842 067                              | -                             | (49 123)                     | -                                | (890 877)                      | -                              | -                                       |
| MUNICIPAL SYSTEMS IMPROVEMENT GRANT       | -  | -                                     | -                             | (73 661)                     | 940 000                          | (526 147)                      | -                              | -                                       |
| PASSENGER TRANSPORT PLANS AND FACILITIES: | 599 808                                    | -                                     | -                             | -                            | -                                | -                              | -                              | -                                       |
| PEOPLE HOUSING PROJECT                    | 7 521 412                                  | -7 521 412                            | -                             | (270 175)                    | -                                | (1 929 825)                    | -                              | -                                       |
| RURAL ROADS ASSET MANAGEMENT GRANT        | -  | -                                     | -                             | (139 140)                    | 2 200 000                        | (953 860)                      | -                              | -                                       |
| EXPANDED PUBLIC WORKS PROGRAMME           | -  | -                                     | -                             | (982 456)                    | 1 133 000                        | (7 017 544)                    | -                              | -                                       |
| INTERCITY BUS TERMINUS                    | -  | -                                     | -                             | (39 418)                     | 8 000 000                        | (460 582)                      | -                              | -                                       |
| AMALGAMATION GRANT                        | -  | -                                     | -                             | -                            | 500 000                          | -                              | -                              | -                                       |
|   | 9 013 499                                  | -8 363 479                            | -                             | (1 642 006)                  | 14 023 000                       | (13 031 014)                   | -                              | -                                       |

**SARAH BAARTMAN DISTRICT MUNICIPALITY**

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

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

| Name of Grant                            | Name of Organ of state | 2015/2016          |      |                       | 2015/2016 |                              |           | 2015/2016 |   |                              | Reason for delay/ withholding funds Y/N | Reason to non Compliance Y/N |     |
|--|------------------------|--------------------|------|-----------------------|-----------|------------------------------|-----------|-----------|---|------------------------------|---|------------------------------|-----|
|  |                        | Quarterly Receipts |      | Quarterly Expenditure |           | Subsidies Delayed / Withheld |           | June      | Reason for delay/ withholding funds Y/N | Reason to non Compliance Y/N |   |                              |     |
|  |                        | Sept               | Dec  | Mar                   | Dec       | Mar                          | Dec       |           |   |                              |   |                              | Mar |
| Rand                                     | Rand                   | Rand               | Rand | Rand                  | Rand      | Rand                         | Rand      | Rand      | Rand                                    | Rand                         | Rand                                    |                              |     |
| DROUGHT RELIEF 2010/2011                 | Provincial Government  | -                  | -    | -                     | -         | 50 212                       | -         | -         | -                                       | -                            | N/A                                     | YES                          | N/A |
| FINANCE MANAGEMENT GRANT                 | National Government    | 1 250 000          | -    | -                     | 312 142   | 640 671                      | 124 187   | 173 000   | -                                       | -                            | N/A                                     | YES                          | N/A |
| MUNICIPAL SYSTEMS IMPROVEMENT GRANT      | National Government    | 940 000            | -    | -                     | 390 838   | 382 103                      | 147 762   | 19 297    | -                                       | -                            | N/A                                     | YES                          | N/A |
| PASSENGER TRANSPORT PLANS AND FACILITIES | Provincial Government  | -                  | -    | -                     | 599 808   | -                            | -         | -         | -                                       | -                            | N/A                                     | YES                          | N/A |
| RURAL ROADS ASSET MANAGEMENT GRANT       | National Government    | 2 200 000          | -    | -                     | 717 252   | 530 027                      | 414 441   | 538 280   | -                                       | -                            | N/A                                     | YES                          | N/A |
| EXPANDED PUBLIC WORKS PROGRAMME          | National Government    | 453 000            | -    | 340 000               | -         | 742 200                      | 199 240   | 191 560   | -                                       | -                            | N/A                                     | YES                          | N/A |
| INTERCITY BUS TERMINUS                   | Provincial Government  | -                  | -    | 8 000 000             | -         | -                            | 4 368 811 | 3 631 189 | -                                       | -                            | N/A                                     | YES                          | N/A |
| AMALGAMATION GRANT                       | National Government    | -                  | -    | 500 000               | -         | -                            | -         | 500 000   | -                                       | -                            | N/A                                     | YES                          | N/A |
|  |                        | 4 843 000          | -    | 8 840 000             | 340 000   | 2 020 040                    | 2 345 213 | 5 254 441 | 5 053 326                               | -                            | -                                       | -                            | -   |

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
**UNAUDITED APPENDIX A**

June 2016

**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2016**  
**Cost/Revaluation** **Accumulated Depreciation**

|  | Opening Balance<br>Rand | Revaluations<br>Rand | Additions        | Disposals/<br>transfers<br>Rand | Closing Balance<br>Rand | Opening<br>Balance<br>Rand | Depreciation<br>Rand | Depr on<br>Dispsal<br>Rand | Impairment<br>Rand | Closing Balance<br>Rand | Carrying Value<br>Rand |
|--|-------------------------|----------------------|------------------|---------------------------------|-------------------------|----------------------------|----------------------|----------------------------|--------------------|-------------------------|------------------------|
| <b>Land</b>                            |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| Investment Property                    | 19,355,500              | -                    | -                | -                               | 19,355,500              | -                          | -                    | -                          | -                  | -                       | 19,355,500             |
| PPE                                    | 4,218,426               | -                    | -                | -                               | 4,218,426               | 200,000                    | -                    | -                          | -                  | 200,000                 | 4,018,426              |
| Heritage                               | 33,568,000              | -                    | -                | -                               | 33,568,000              | 1,607,000                  | -                    | -                          | -                  | 1,607,000               | 31,961,000             |
| <b>Buildings</b>                       |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| Investment Property                    | 6,607,000               | -                    | -                | -                               | 6,607,000               | -                          | -                    | -                          | -                  | -                       | 6,607,000              |
| PPE                                    | 13,215,274              | 78,704               | -                | -                               | 13,293,977              | 3,371,774                  | 220,039              | -                          | -                  | 3,591,813               | 9,702,165              |
| Heritage                               | 3,100,500               | -                    | -                | -                               | 3,100,500               | 33,500                     | -                    | -                          | -                  | 33,500                  | 3,067,000              |
| <b>Furniture and Fixtures</b>          |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| PPE                                    | 2,298,474               | -                    | 155,858          | 36,674                          | 2,417,658               | 1,009,892                  | 134,869              | 26,790                     | 2,570              | 1,120,541               | 1,297,116              |
| <b>Specialised Vehicles</b>            |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| PPE                                    | 275,159                 | -                    | -                | -                               | 275,159                 | 187,884                    | 4,897                | -                          | -                  | 192,781                 | 82,378                 |
| <b>Office Equipment</b>                |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| PPE                                    | 2,396,025               | -                    | 122,869          | 17,188                          | 2,501,706               | 663,398                    | 200,573              | 13,581                     | 2,949              | 853,339                 | 1,648,367              |
| <b>Computer Equipment</b>              |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| Intangible Asset                       | 86,885                  | -                    | -                | -                               | 86,885                  | -                          | -                    | -                          | -                  | -                       | 86,885                 |
| PPE                                    | 4,171,578               | -                    | 166,191          | 420,677                         | 3,917,093               | 2,286,435                  | 461,350              | 348,812                    | 1,449              | 2,400,422               | 1,516,671              |
| <b>Bins and Containers</b>             |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| PPE                                    | 98,988                  | -                    | -                | -                               | 98,988                  | 40,326                     | 7,936                | -                          | -                  | 48,262                  | 50,726                 |
| <b>Motor Vehicles</b>                  |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| PPE                                    | 8,459,721               | -                    | 879,677          | 424,179                         | 8,915,219               | 3,322,463                  | 645,411              | 73,997                     | -                  | 3,893,877               | 5,021,342              |
| <b>Specialised Plant and Machinery</b> |                         |                      |                  |                                 |                         |                            |                      |                            |                    |                         |                        |
| PPE                                    | 2,111,198               | -                    | -                | 54,424                          | 2,056,774               | 1,181,953                  | 83,704               | 54,212                     | -                  | 1,211,446               | 845,328                |
|  | <b>99,962,728</b>       | <b>-</b>             | <b>1,403,299</b> | <b>953,142</b>                  | <b>100,412,885</b>      | <b>13,904,625</b>          | <b>1,758,778</b>     | <b>517,391</b>             | <b>6,968</b>       | <b>15,152,980</b>       | <b>85,259,905</b>      |

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
**UNAUDITED APPENDIX A**

June 2016

**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2016**  
**Accumulated Depreciation**

Cost/Revaluation

|                                 | Opening Balance<br>Rand | Revaluations<br>Rand | Additions<br>Rand | Disposals/<br>transfers<br>Rand | Closing Balance<br>Rand | Opening<br>Balance<br>Rand | Depreciation<br>Rand | Depr on<br>Dispsal<br>Rand | Impairment<br>Rand | Closing Balance<br>Rand | Carrying Value<br>Rand |
|---------------------------------|-------------------------|----------------------|-------------------|---------------------------------|-------------------------|----------------------------|----------------------|----------------------------|--------------------|-------------------------|------------------------|
| Land                            | 57,141,926              | -                    | -                 | -                               | 57,141,926              | 1,807,000                  | -                    | -                          | -                  | 1,807,000               | 55,334,926             |
| Buildings                       | 22,922,774              | -                    | 78,704            | -                               | 23,001,477              | 3,405,274                  | 220,039              | -                          | -                  | 3,625,313               | 19,376,165             |
| Furniture and fittings          | 2,298,474               | -                    | 155,858           | 36,674                          | 2,417,658               | 1,009,892                  | 134,869              | 26,790                     | 2,570              | 1,120,541               | 1,297,116              |
| Specialised vehicles            | 275,159                 | -                    | -                 | -                               | 275,159                 | 187,884                    | 4,897                | -                          | -                  | 192,781                 | 82,378                 |
| Office equipment                | 2,396,025               | -                    | 122,869           | 17,188                          | 2,501,706               | 663,398                    | 200,573              | 13,581                     | 2,949              | 853,339                 | 1,648,367              |
| Computer equipment              | 4,258,463               | -                    | 166,191           | 420,677                         | 4,003,978               | 2,286,435                  | 461,350              | 348,812                    | 1,449              | 2,400,422               | 1,603,556              |
| Bins and containers             | 98,988                  | -                    | -                 | -                               | 98,988                  | 40,326                     | 7,936                | -                          | -                  | 48,262                  | 50,726                 |
| Motor vehicles                  | 8,459,721               | -                    | 879,677           | 424,179                         | 8,915,219               | 3,322,463                  | 645,411              | 73,997                     | -                  | 3,893,877               | 5,021,342              |
| Specialised Plant and machinery | 2,111,198               | -                    | -                 | 54,424                          | 2,056,774               | 1,181,953                  | 83,704               | 54,212                     | -                  | 1,211,446               | 845,328                |
| <b>Total</b>                    | <b>99,962,728</b>       | <b>-</b>             | <b>1,403,299</b>  | <b>953,142</b>                  | <b>100,412,885</b>      | <b>13,904,625</b>          | <b>1,758,778</b>     | <b>517,391</b>             | <b>6,968</b>       | <b>15,152,980</b>       | <b>85,259,905</b>      |

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
**UNAUDITED APPENDIX B**

June 2016

**SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2016**  
**Accumulated Depreciation**

|                          | Cost / Revaluations                     |                     |                   |                    |                   |   |   |                      |                    |                   |                         |  |
|--------------------------|---|---------------------|-------------------|--------------------|-------------------|---|---|----------------------|--------------------|-------------------|-------------------------|--|
|                          | Opening Balance<br>01 July 2015<br>Rand | Revaluation<br>Rand | Additions<br>Rand | Impairment<br>Rand | Disposals<br>Rand | Closing Balance<br>30 June 2016<br>Rand | Opening Balance<br>01 July 2015<br>Rand | Depreciation<br>Rand | Impairment<br>Rand | Disposals<br>Rand | Closing Balance<br>Rand | Carrying Value<br>30 June 2016<br>Rand |
| Executive and Council    | 3,647,706                               | -                   | 71,444            | -                  | 109,107           | 3,610,043                               | 1,504,190                               | 310,236              | -                  | 98,002            | 1,716,425               | 1,893,618                              |
| Finance and Admin        | 87,296,154                              | -                   | 310,981           | -                  | 191,061           | 87,416,074                              | 8,170,553                               | 806,342              | 4,317              | 171,840           | 8,809,372               | 78,606,702                             |
| Housing                  | 7,791                                   | -                   | -                 | -                  | -                 | 7,791                                   | 6,103                                   | 293                  | -                  | -                 | 6,396                   | 1,395                                  |
| Planning and Development | 4,076,551                               | -                   | 1,020,874         | -                  | 552,256           | 4,545,170                               | 1,450,526                               | 322,128              | 2,651              | 160,009           | 1,615,295               | 2,929,875                              |
| Public Safety            | 4,930,989                               | -                   | -                 | -                  | 100,718           | 4,830,271                               | 2,770,555                               | 319,633              | -                  | 87,540            | 3,002,648               | 1,827,623                              |
| Water                    | 3,537                                   | -                   | -                 | -                  | -                 | 3,537                                   | 2,699                                   | 146                  | -                  | -                 | 2,845                   | 692                                    |
| <b>Total</b>             | <b>99,962,728</b>                       | <b>-</b>            | <b>1,403,299</b>  | <b>-</b>           | <b>953,142</b>    | <b>100,412,885</b>                      | <b>13,904,625</b>                       | <b>1,758,778</b>     | <b>6,968</b>       | <b>517,391</b>    | <b>15,152,980</b>       | <b>85,259,905</b>                      |

# SARAH BAARTMAN DISTRICT MUNICIPALITY

## UNAUDITED APPENDIX C

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

|                               | 2015               |                    | 2016               |                    | 2016<br>Actual<br>Income<br>Rand | 2016<br>Actual<br>Expenditure<br>Rand | 2016<br>Surplus/<br>(Deficit)<br>Rand |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|----------------------------------|---------------------------------------|---------------------------------------|
|                               | Actual             | Expenditure        | Actual             | Expenditure        |                                  |                                       |                                       |
|                               | Rand               | Rand               | Rand               | Rand               |                                  |                                       |                                       |
| Executive and Council         | 7,864,874          | 39,125,194         | 39,125,194         | 29,569,595         | 8,765,055                        | (20,804,540)                          |                                       |
| Finance and Administration    | 95,379,649         | 28,095,088         | 67,284,561         | 32,794,054         | 104,528,860                      | 71,734,806                            |                                       |
| Planning and Development      | 1,163,048          | 14,359,100         | (13,196,051)       | 15,612,009         | 4,993,860                        | (10,618,149)                          |                                       |
| Health                        | -                  | 11,003,590         | (11,003,590)       | -                  | -                                | (12,019,560)                          |                                       |
| Community and Social services | 492,982            | 3,440,607          | (2,947,624)        | -                  | -                                | (2,115,609)                           |                                       |
| Housing                       | -                  | 421,980            | (421,980)          | 433,226            | -                                | (433,226)                             |                                       |
| Public safety                 | 877,193            | 13,447,588         | (12,570,395)       | -                  | -                                | (26,236,504)                          |                                       |
| Sport and Recreation          | -                  | 299,825            | (299,825)          | -                  | -                                | (59,252)                              |                                       |
| Road Transport                | 2,887,559          | 3,248,959          | (361,399)          | 11,910,717         | 9,473,516                        | (2,437,201)                           |                                       |
| Water                         | 649,865            | 3,597,209          | (2,947,344)        | 50,212             | 1,165,686                        | (1,115,474)                           |                                       |
| Electricity                   | 103,336            | 18,676             | 84,660             | -                  | -                                | -                                     |                                       |
| <b>Total</b>                  | <b>109,418,507</b> | <b>117,057,815</b> | <b>(7,639,308)</b> | <b>131,916,212</b> | <b>127,811,503</b>               | <b>(4,104,709)</b>                    |                                       |



**SARAH BAARTMAN DISTRICT MUNICIPALITY**

**UNAUDITED APPENDIX D**

**INVESTMENT PORTFOLIO AS AT 30 JUNE 2016**

| FINANCIAL INSTITUTION            | ACCOUNT NUMBER   | PERIOD MNTHS | % INT RATE | DATE INVESTED | DATE MATURING | INVEST/MATURE 2015/2016 | BALANCE 30 JUNE 2016 |
|----------------------------------|------------------|--------------|------------|---------------|---------------|-------------------------|----------------------|
| STANDARD BANK                    | 088430537181     | 10           | 7.087%     | 01-Oct-14     | 01-Aug-15     | 5 000 000               |                      |
| FNB                              | 74450730731      | 6            | 6.630%     | 18-Feb-15     | 18-Aug-15     | 6 000 000               |                      |
| ABSA GROUP                       | 2075494586       | 12           | 7.050%     | 26-Aug-14     | 25-Aug-15     | 16 000 000              |                      |
| NEDBANK                          | 7881501480000138 | 10           | 6.870%     | 12-Nov-14     | 14-Sep-15     | 5 000 000               |                      |
| ABSA GROUP                       | 2074677085       | 12           | 7.130%     | 01-Oct-14     | 30-Sep-15     | 17 000 000              |                      |
| STANDARD BANK                    | 088430537180     | 12           | 7.278%     | 01-Oct-14     | 30-Sep-15     | 5 000 000               |                      |
| FNB                              | 74443041442      | 10           | 6.950%     | 15-Dec-14     | 15-Oct-15     | 15 000 000              |                      |
| STANDARD BANK                    | 088430537182     | 12           | 7.138%     | 12-Nov-14     | 11-Nov-15     | 6 000 000               |                      |
| NEDBANK                          | 7881501480000137 | 12           | 7.020%     | 12-Nov-14     | 11-Nov-15     | 10 000 000              |                      |
| ABSA GROUP                       | 2074831706       | 12           | 7.200%     | 15-Dec-14     | 14-Dec-15     | 8 000 000               |                      |
| STANDARD BANK                    | 088430537183     | 12           | 7.020%     | 15-Dec-14     | 14-Dec-15     | 5 000 000               |                      |
| NEDBANK                          | 7881501480000139 | 12           | 6.950%     | 15-Dec-14     | 14-Dec-15     | 8 000 000               |                      |
| INVESTEC                         | MM14121574134    | 12           | 7.070%     | 15-Dec-14     | 14-Dec-15     | 4 000 000               |                      |
| INVESTEC                         | MM14121574134    | 12           | 7.070%     | 15-Dec-14     | 14-Dec-15     | 4 000 000               |                      |
| ABSA GROUP                       | 2075104817       | 10           | 6.900%     | 10-Apr-15     | 10-Feb-16     | 3 000 000               |                      |
| INVESTEC                         | MM15041082132    | 10           | 7.000%     | 10-Apr-15     | 10-Feb-16     | 3 000 000               |                      |
| INVESTEC                         | RK15021878318    | 12           | 7.050%     | 18-Feb-15     | 17-Feb-16     | 10 000 000              |                      |
| FNB                              | 74371532993      | 8            | 6.830%     | 26-Jun-15     | 25-Feb-16     | 2 000 000               |                      |
| ABSA GROUP                       | 2075290480       | 8            | 6.800%     | 26-Jun-15     | 26-Feb-16     | 3 000 000               |                      |
| ABSA GROUP                       | 2075067748       | 12           | 7.330%     | 25-Mar-15     | 23-Mar-16     | 11 000 000              |                      |
| FNB                              | 74446073187      | 12           | 6.950%     | 25-Mar-15     | 23-Mar-16     | 2 000 000               |                      |
| STANDARD BANK                    | 088430537184     | 12           | 6.996%     | 25-Mar-15     | 23-Mar-16     | 3 000 000               |                      |
| NEDBANK                          | 7881501480000140 | 12           | 7.090%     | 25-Mar-15     | 23-Mar-16     | 17 000 000              |                      |
| INVESTEC                         | RK15032580969    | 12           | 7.100%     | 25-Mar-15     | 23-Mar-16     | 4 000 000               |                      |
| FNB                              | 74466179121      | 12           | 7.089%     | 10-Apr-15     | 08-Apr-16     | 15 000 000              |                      |
| STANDARD BANK                    | 088430537185     | 12           | 7.324%     | 10-Apr-15     | 08-Apr-16     | 3 000 000               |                      |
| NEDBANK                          | 7881501480000141 | 12           | 7.050%     | 10-Apr-15     | 08-Apr-16     | 10 000 000              |                      |
| STANDARD BANK                    | 088430537186     | 12           | 7.488%     | 12-May-15     | 10-May-16     | 14 000 000              |                      |
| NEDBANK                          | 7881501480000143 | 9            | 7.000%     | 25-Aug-15     | 25-May-16     | 2 000 000               |                      |
| FNB                              | 74450730731      | 9            | 7.150%     | 25-Aug-15     | 25-May-16     | 8 000 000               |                      |
| STANDARD BANK                    | 088430537188     | 10           | 7.273%     | 29-Jul-15     | 29-May-16     | 9 000 000               |                      |
| ABSA GROUP                       | 2075437763       | 10           | 7.060%     | 25-Aug-15     | 24-Jun-16     | 3 000 000               |                      |
| STANDARD BANK                    | 088430537187     | 12           | 7.372%     | 26-Jun-15     | 24-Jun-16     | 15 000 000              |                      |
| STANDARD BANK                    | 088430537189     | 10           | 7.415%     | 25-Aug-15     | 25-Jun-16     | 7 000 000               |                      |
| STANDARD BANK                    | 088430537191     | 3            | 7.478%     | 29-Mar-16     | 29-Jun-16     | 11 000 000              |                      |
| ABSA GROUP                       | 2075372721       | 12           | 7.620%     | 29-Jul-15     | 27-Jul-16     |                         | 15 000 000           |
| FNB                              | 74550449331      | 12           | 7.300%     | 29-Jul-15     | 27-Jul-16     |                         | 4 000 000            |
| NEDBANK                          | 7881501480000142 | 12           | 7.300%     | 29-Jul-15     | 27-Jul-16     |                         | 7 000 000            |
| ABSA GROUP                       | 2075530129       | 11           | 7.160%     | 02-Oct-15     | 02-Sep-16     |                         | 16 000 000           |
| ABSA GROUP                       | 2075530111       | 12           | 7.230%     | 02-Oct-15     | 30-Sep-16     |                         | 10 000 000           |
| STANDARD BANK                    | 088430537190     | 10           | 7.486%     | 30-Nov-15     | 30-Sep-16     |                         | 3 000 000            |
| NEDBANK                          | 7881501480000144 | 12           | 7.300%     | 02-Oct-15     | 30-Sep-16     |                         | 2 000 000            |
| NEDBANK                          | 7881501480000145 | 10           | 7.350%     | 30-Nov-15     | 30-Sep-16     |                         | 6 000 000            |
| <b>CASH AND CASH EQUIVALENTS</b> |                  |              |            |               |               |                         | <b>63 000 000</b>    |

| FINANCIAL INSTITUTION         | ACCOUNT NUMBER   | PERIOD MNTHS | % INT RATE | DATE INVESTED | DATE MATURING | INVEST/MATURE 2015/2016 | BALANCE 30 JUNE 2016 |
|-------------------------------|------------------|--------------|------------|---------------|---------------|-------------------------|----------------------|
| STANDARD BANK                 | 088430537181     | 10           | 7.087%     | 01-Oct-14     | 01-Aug-15     | 5 000 000               |                      |
| FNB                           | 74575507924      | 11           | 7.800%     | 02-Dec-15     | 02-Nov-16     |                         | 14 000 000           |
| FNB                           | 74575507312      | 12           | 7.900%     | 02-Dec-15     | 30-Nov-16     |                         | 10 000 000           |
| NEDBANK                       | 7881501480000146 | 9            | 7.930%     | 29-Mar-16     | 29-Dec-16     |                         | 28 000 000           |
| STANDARD BANK                 | 088430537192     | 8            | 8.271%     | 08-Jun-16     | 08-Feb-17     |                         | 14 000 000           |
| NEDBANK                       | 7881501480000147 | 8            | 8.020%     | 08-Jun-16     | 08-Feb-17     |                         | 4 000 000            |
| FNB                           | 74446073187      | 11           | 8.511%     | 29-Mar-16     | 28-Feb-17     |                         | 7 000 000            |
| ABSA GROUP                    | 2075926413       | 12           | 8.500%     | 29-Mar-16     | 28-Mar-17     |                         | 26 000 000           |
| INVESTEC                      | QMJ2565          | 12           | 8.550%     | 29-Mar-16     | 28-Mar-17     |                         | 22 000 000           |
| FNB                           | 74466179121      | 11           | 8.250%     | 08-Jun-16     | 09-May-17     |                         | 10 000 000           |
| <b>SHORT TERM INVESTMENTS</b> |                  |              |            |               |               |                         | <b>135 000 000</b>   |
| <b>BALANCE 30 JUNE 2016</b>   |                  |              |            |               |               |                         | <b>198 000 000</b>   |



**SARAH BAARTMAN DISTRICT MUNICIPALITY**

**Annual Performance report  
for the year ended 30 June 2016**

ATM

SARAH BAARTMAN DISTRICT MUNICIPALITY  
ANNUAL PERFORMANCE REPORT AS AT 30 JUNE 2016

|  |   | Performance Milestones  |   |   |                                      |                        | 2014/15 Financial Year                          |   |   |  |  |   |
|--|---|---|---|---|--------------------------------------|------------------------|---|---|---|--|--|---|
| Objective  | Strategy  | Project   | Key Performance Indicator   | Annual Target 2015/16                                 | Department                           | GFS                    | 30 June 2016 Target                             | Actual & reason for variance  | State if Project is Complete, On Target, Not On Target, Not Started | State Brief Plan of Action to address Projects Not On Target and Not Started   | Annual Target  | Actual  |
| <b>DEVELOPMENT PRIORITY 1: INFRASTRUCTURE INVESTMENT</b>   |   |   |   |   |                                      |                        |   |   |   |  |  |   |
| To provide costed infrastructure plans   | Appointment of experienced professional team  | District Wide Infrastructure Plan                                   | District-Wide Infrastructure Plan Developed                       | Five year Infrastructure Plan Developed for SBDM      | Planning and Infrastructure Services | Planning & Development | Submission of Final Report and project complete | This project is still at analysis phase. The consultant has developed a draft report but with many Municipalities not contributed due to their unavailability               | Not on target   | The district will assist in ensuring Technical directors make an input. The report submitted will be reviewed and be referred back for more and detailed information to be included in the Plan. | Ten-year Infrastructure Plan Developed for CDM         | The consultant has not been appointed yet. The Department planned to utilize Section 32 of Supply Chain Management Regulations from Provincial Department of KZN. The project was delayed by the late response of Provincial Department of KZN to grant permission to appoint in terms of section 32 of MFMA. The project was tabled to BAC and awarded. The consultant has been appointed and started data collection.   |
| To promote and co-ordinate integrated spatial planning in the District   | Co-ordinate the implementation of Spatial Planning and Land Use Management Act (SPLUMA) | Review and Consolidation of Makana Zoning Scheme Regulations        | Reviewed Makana Zoning Scheme                                     | Draft Regulations and Status Quo Maps Complete        | Planning and Infrastructure Services | Planning & Development | Draft Regulations Complete                      | Draft regulations have been developed. Makana will be going taking this document to public for comments before council approves. Public comments will close in August 2016. | On Target   | Not applicable   | NA   | NA  |
| To promote integration between spatial planning and transportation planning to achieve sustainable human settlement                    | Implementation of transportation projects   | Construction of a Inter-city Bus-terminal in Graaff Reinet complete | Construction of Inter-City Bus Terminal in Graaff Reinet complete | Construction of a bus terminus and taxi rank complete | Planning and Infrastructure Services | Road Transport         | Project 100% complete                           | The Project is 100% complete  | Completed   | Not applicable   | Initiation of project construction                     | The project was delayed due to shortfall of funds. Council approved additional funding to the amount of R 5 794 959 at its meeting that was held on 26 November 2014. The project was advertised publicly for the services of the contractor on December 2014 and is closing on 23 January 2015. The Provincial Treasury has availed an amount of R 8 million for the project through Coega Development Corporation on 19 November 2014. The contractor has been appointed during June 2015.  |
| To provide roads infrastructure from basic service to a higher level in key strategic areas for at least 10km's per annum over 5 years | Implementation of road projects as mandated by LMs                                      | Rural Roads Asset Management System complete                        | Rural Roads Asset Management System set up for SBDM               | Rural Roads Asset Management System set up for SBDM   | Planning and Infrastructure Services | Roads                  | 100% of roads information on GIS data base      | 100% of roads information on GIS data base complete   | Completed   | Not applicable   | Visual Assessments and Inventory surveys complete      | The inventory audit has been completed. The classified, 12-hour traffic counts, have been concluded on the bulk of the rural road network. The municipal road network with all street furniture and road-related inventory data is being captured on the surfaced and gravel road network. Clinics, hospitals, police stations, schools, cultural and historic sites and places of interest, agricultural and development nodes, and public transport routes and facilities as been collated and uploaded onto the GIS systems to assist the LMs and DM's with future planning. Maintenance assessments have been concluded on the entire network, with a view to determining the needs and maintenance requirements for the municipal road network. Inventory surveys have been completed. The report will be submitted to Mayco in August 2015. |
|  |   | Nomathamsanqa Main Road (EPWF)                                      | 75% Construction of main road in Nomathamsanqa complete           | Upgrading of main road 75% complete                   | Planning and Infrastructure Services | Planning & Development | 75% of Construction completed                   | The project is at 80% construction progress.  | On Target   | Not applicable   | Upgrading of road in Sundays River Valley Municipality | This project was initiated Langbos access road and was changed later. The project was advertised by Sundays River Valley Municipality on 23 February 2015. Clarification meeting was held on 26 February 2015 and bids closed on 23 March 2015. The municipality is awaiting for the evaluation report from the consultant. The delays were encountered due to change of the project by the SRVM and the milestones of the project were not changed. The contractor has been appointed by SRVM and construction has commenced in June 2015.   |

|  |   | Performance Milestones   |  |  |                                      |                        | 2014/15 Financial Year   |  |   |  |  |  |
|--|---|--|--|--|--------------------------------------|------------------------|--|--|---|--|--|--|
| Objective  | Strategy  | Project  | Key Performance Indicator  | Annual Target 2015/16  | Department                           | GFS                    | 30 June 2016 Target  | Actual & reason for variance   | State if Project is Complete, On Target, Not On Target, Not Started | State Brief Plan of Action to address Projects Not On Target and Not Started   | Annual Target  | Actual   |
| To promote the prevention of air pollution and degradation air quality throughout the district   | Implementation of Air Quality Management Plan                     | Development of Air Quality Management Plan in SBDM   | Development of Air Quality Management Plan   | Air Quality Management Plan Complete   | Planning and Infrastructure Services | Planning & Development | Submission of Final AQM Plan   | AQM Plan completed   | Completed   | Not applicable   | NA   | NA   |
| To provide support on cleanliness of the towns and townships and to mitigate health risks posed by each landfill site in all the 9 LMs by 2017 | Implementation of Waste management Plan                           | Review of Integrated Waste Management Plan for Makana, Ndlambe, Koukamma, Blue Crane and SRV | Review of Integrated Waste Management Plan in Makana, Koukamma, Ndlambe, Blue Crane, Kouga and SRV | Review of Integrated Waste Management Plan for Makana, Koukamma, Blue Crane, Ndlambe, Kouga and SRV Complete   | Planning and Infrastructure Services | Planning & Development | Submission of Final IWM Plan   | IWMP in progress. A final IWM Plan will be completed in August 2016. The project was delayed due to Additional scope being issued.   | Not on target   | The project has been rolled over and will be completed in the first quarter of the new financial year. Consultation with Municipalities is in progress and will be completed in July 2016. | NA   | NA   |
| To reduce the effects of stormwater in prone areas by building 10 km of drainage per year  | Stormwater Management Plan  | Planning and Feasibility Study   | Stormwater Masterplans for Bushman's River Mouth in Ndlambe Complete                               | Stormwater Masterplan for Bushman's River Mouth in Ndlambe Complete  | Planning and Infrastructure Services | Planning & Development | Final Masterplan for Bushman's river mouth complete  | The master plan is not complete due to funding limitation. The scope of was revised by Ndlambe Municipality and additional funding is expected from Ndlambe to bring the project to completion   | Not on target   | The Municipality will continue to engage Ndlambe for completion of the plan in the new financial year.   | Stormwater Masterplans Complete  | The draft report of the master plan for the low lying areas of Bushman river mouth received from the consultant in September 2014. The consultant requested more funding for the masterplan, the District indicated to Ndlambe Municipality that no additional funding will be available and the consultant must finalise the report. The draft report of the master plan for Koukamma was received during December 2014 but was not of good quality and a letter was sent to MM of Koukamma. The Koukamma Storm water master plan is complete and Ndlambe Stormwater master plan will be complete in August 2015. |
| <b>DEVELOPMENT PRIORITY 2: CAPACITY BUILDING AND SUPPORT TO LMS</b>  |   |  |  |  |                                      |                        |  |  |   |  |  |  |
| To improve effectiveness in municipal financial management   | Improve corporate governance systems both in the district and LMs | GRAP Implementation  | Provision of assistance to 9 LMs in respect to GRAP compliance and improve Audit Outcomes          | Provide assistance through 1 training workshops held in GRAP compliance and new standards by making available financial management support to deal with issues raised in the LM's AG's management letter | Finance & Corporate Services         | Finance and Admin      | Improved Financial Management procedures and internal controls and dealing with specific Ag findings in management letter and assisting with the preparation on the audit plan | The project is on target. Assistance was provided through 1 GRAP training workshop. The district audit findings have been analysed and presented to the CFO Forum. The project plan has been finalised and the deliverables have been agreed upon with LM's. MOU's have been signed. The service provider has met with all the LM's. Monthly meetings held and progress monitored. | On Target   | Not applicable   | Provide assistance through 1 training workshops held in GRAP compliance and new standards by making available financial management support to deal with issues raised in the LM's AG's management letter | The project is on target. The district audit findings have been analysed and presented to the CFO Forum. The project plan has been finalised and the deliverables have been agreed upon with LM's. MOU's have been signed. The service provider has met with all the LM's. Monthly meetings held and progress monitored.   |

*Handwritten signature/initials*

| Objective   | Strategy   | Project   | Key Performance Indicator  | Annual Target 2015/16   | Department           | GFS     | Performance Milestones   |   |   | 2014/15 Financial Year   |
|---|--|---|--|---|----------------------|---------|--|---|---|--|
|   |  |   |  |   |                      |         | Actual & reason for variance   | State if Project is Complete, On Target, Not On Target, Not Started | State Brief Plan of Action to address Projects Not On Target and Not Started  |  |
| DEVELOPMENT PRIORITY 3: ECONOMIC DEVELOPMENT<br>Broaden economic participation and inclusion by increasing the number and support to small enterprises by 10%         | Promote Social Economy Investment                                | Development Support to SMMEs/Cooperatives in the Local Municipalities | 8 SMME and Cooperatives and Business supported. SBDM facilitating an Agri-expo                 | 4 SMME from LMs supported. 4 Cooperatives supported. SBDM facilitating an Agri-expo.  | Economic Development | LED     | 30 June 2016 Target  | On Target   | Outstanding is a Closing report that will be presented in 1st Q of the New Year. To verify close out reports from beneficiaries, audit financial information and proof of purchase on equipment and materials   | 12 out of 5 targeted SMMEs have received funding from the District to the value of R1m from 3 LMs: SRV/ikwezi and Ndlabambe. 2 LMs: Makana and Camdeboo have also been supported to develop plans around (i) Urban City revitalisation in Makana and (ii) Commonage plan for Camdeboo. SLAs have been signed and each LM has established Project Steering Committees.  |
|   |  |   |  |   |                      |         |  |   |   |  |
| Building local and regional networks and collaboration through the creation of partnerships with (a) government, (b) the private sector and (c) education / research. | Facilitate community and worker participation in share ownership | Mainstreaming cooperatives in the Honey Bush Tea Project              | 3 Co-ops for Honeybush Tea Project supported.  | 3 Cooperatives are mainstreamed in the Honeybush Tea Project in Koukamma LM           | Economic Development | LED     | Closing report submitted to Council  | Not On Target   | Process Plan developed and approved by PSC in April. Verification report on Cooperatives legislative status and membership is completed by IZELE. Training and Governance workshops are planned in the 1st Quarter of the New Financial Year. R300 000 has been transferred to KKM LM. Open day with project beneficiaries and Stakeholders is planned for the 28th July 2016 | Tri-partite SLA between SBDM, KKM LM and Heights estate is signed. Lease agreement for the two buildings (i) Office and administration of the project and (ii) the processing plant is already signed. Funds to the value of R730 000 to implement renovations to the two buildings referred above have been transferred to Heights estate. 60% of the construction works in the admin building is completed. Grant funding application to the value of R3m to commission a compliant and international food processing plant have been submitted and successfully passed the 1st stage of evaluation. This resulted to delay the renovations in the plant until a positive indication around the grant funding from LRED is received. |
|   |  |   |  |   |                      |         |  |   |   |  |
| Regenerate core towns as service and Economic Hubs  | Promote Rural tourism and Niche services and manufacturing       | Implement DST annual programme/action plan                            | 4 DST meetings and business outreaches) are held. LED capacity building programme implemented. | DST plans are implemented. Phase 2 of the LED capacity Building programme implemented | Economic Development | LED     | Participate at Tourism Indaba, Winter Campaign roll out. Placements of adverts in at least 2 media channels. SLA's signed with the festivals. Developmental programmes in the festivals implemented and monitored. | On Target   | Review and engage with NMMU on the new proposal to deliver this programme. Draft has been presented to SBDM for consideration.  | 3 out of 4 DST meetings were hosted. The 3rd quarter meeting had to give way to host the District SMME Expo 2015. 1st Phase of the Capacity building programme has been completed and final report tabled for Mayco consideration on the 15th July 2015. 4th Quarter DST was held on the 25th June 2015 in Graaff-Reinet, Camdeboo LM. Quarterly report for 2014/15 will be submitted to Mayco in the 1st Quarter of the new year.   |
|   |  |   |  |   |                      |         |  |   |   |  |
| Regenerate core towns as service and Economic Hubs  | Promote Rural tourism and Niche services and manufacturing       | Tourism Marketing   | To conduct review and implementation of tourism marketing strategy                             | Tourism marketing strategy reviewed and implemented                                   | Economic Development | Tourism | Participate at Tourism Indaba, Winter Campaign roll out. Placements of adverts in at least 2 media channels. SLA's signed with the festivals. Developmental programmes in the festivals implemented and monitored. | On Target   | Not applicable  | Marketing Strategy Reviewed. Implementation plan formulated. Sample Coffee table book printed and ready for print. Participated in Gelaway Show. 7 Wonders Social Media Summer Campaign and Monthly Gelaway on Facebook and Twitter. Advert placed on Local Government Handbook and Social Media. 3 Placements on Facebook, 7 Wonders Social Media campaign currently active on Facebook and Twitter which covers winter season. Participated at Tourism Indaba. Winter Campaign rolled-out on Social Media. Placements on News 24 Travel, Country Life, Flysair in flight magazine  |
|   |  |   |  |   |                      |         |  |   |   |  |

67/15

6/1/14

| 2014/15 Financial Year   |  |   |  |   |                      |                     |  |  |   |   |  |   |
|--|--|---|--|---|----------------------|---------------------|--|--|---|---|--|---|
| Objective  | Strategy   | Project                                   | Key Performance Indicator  | Annual Target 2013/16   | Department           | GFS                 | Performance Milestones   |  |   | Actual  |  |   |
|  |  |   |  |   |                      |                     | 30 June 2016 Target  | Actual & reason for variance   | State if Project is Complete, On Target, Not On Target, Not Started |   | State Brief Plan of Action to address Projects Not On Target and Not Started | Annual Target   |
|  |  | Support to LTOs                           | To support at least 5 LTO's in the District  | 5 LTO's supported in the District                                       | Economic Development | Tourism             | Close-out Report submitted to Mayco and Council  | Support report with proposals submitted to the Mayco and SLA's signed with all 5 LTO's   | On Target   | Not applicable  | 3 LTO's supported in the District  | Proposal reviewed and evaluated. Report on proposals submitted for Mayoral Committee approval (22/10/14). Service Level Agreements to be signed with LM's by end of January 2015 with the following LTO's: Koug, SRV, Makana, Ndlambe, Kou-kamma, Blue Crane, Camdeboo and Ikwezi. Funds were transferred to the above mentioned LTO's in February 2015   |
|  |  | Tourism Infrastructure Investment         | To establish Greater Addo Tourism Route  | Greater Addo Tourism Route established                                  | Economic Development | Tourism             | Close-out Report submitted to Mayco and Council  | The project has been completed. Only few minor items were identified and a snag list of items to be corrected was formulated and the service provider is currently working on that. Draft final report has been submitted to the Municipality  | On Target   | Not applicable  | NA   | NA  |
|  |  | Tourism Sector Development Support to LMs | Tourism Sector Development: 3 Tourism Infrastructure Development projects supported  | 3 Tourism Infrastructure Development projects supported                 | Economic Development | Tourism             | Close-out Report submitted to Mayco and Council  | Support report with proposals submitted to the Mayco and SLA's signed with Ndlambe and Kouga LM's.   | On Target   |   | 3 LMs supported in Tourism Sector Development                                | Call first for proposals closed on 12/09/14 and the SBDM received proposals from Makana, Kouga and Baviaans, the rest of LM's did not respond. A second chance to submit proposals was given to all LM's from 24/10/14 to 24/11/14. A third chance for call for proposals to LMs was issued again in November 2014 and closed by 12 December 2014. Evaluation and selection of proposals to be completed by the end of January 2015. In March 2015 two projects were supported in the Makana LM as they were inline with the objectives of the programme. SLA was signed in April 2014 and funds were transferred June 2014 thereafter.   |
| Developing skills and education base by increasing the number of semi-skilled and skilled by 10% | Create further education opportunities   | Creative Industries support               | To formulate Creative Industries strategy for the District Municipality. To support at least 5 Creative Industries' projects in LMs. | 5 creative Industries projects supported in the District                | Economic Development | Creative Industries | Final draft strategy submitted to MAYCO for consideration. Close-out report submitted to MAYCO and Council | Support report with proposals submitted to the Mayco and SLA's signed with Ndlambe, Makana and Kouga LM's as well as National Arts Festival and Rhodes University  | On Target   | Not applicable  | 3 creative Industries projects supported in the District                     | A first call proposals was opened to all LM's from 24/10/14 to 24/11/14. A second chance for call for proposals to LMs was issued again in November 2014 and closed by 12 December 2014. Evaluation and selection of proposals to be completed by the end of January 2015. In March 2015 the Mayco instructed the Economic Development Department to review the proposals. On second re-submission of proposals a decision was taken in the Mayco in June 2015 to support Makana LM, National Arts Festival 2015 & beyond, as well as SALGA.  |
| Increase Agricultural Income   | Develop skills through mentorship in the Agricultural Sector by increasing the number of semi-skilled emerging farmers by 10%. | Agricultural mentorship programme         | Mentorship implemented for Emerging Farmers and evaluated in 5 LMs   | 3 new mentorship sites active and 5 existing mentorship sites monitored | Economic Development | LED                 | 5 new sites implemented and monitored. Additional 3 new sites are identified                               | one site completed Mentorship evaluation ie Sewentfontein. Prospective mentor for Koodovale has been identified. 3 sites in Starienville, Camdeboo and Alexandria has been closed off. Progress and 4th Q report has been submitted to Mayco at the end of June 2016. No new sites have been identified for this programme as the programme will be phased out and the DM to evaluate its role in the sector and with the advent of the Agr-Park programme. The new plan will also be determined by the new organisational strategy processes awaiting the new Council | Not On Target   | Implementation of the Agriculture Mentorship project has been a challenge in terms of Capacity to monitor, evaluate progress, report and engage with partner stakeholders in the Project. Need to urgently review our departmental staff with the unrealistic expectations rested to this Economic Development Function/directorate | 8 Emerging farmers projects mentored in 7 LM and experiences documented      | 4 Pilot Mentorship sites have been evaluated: (i) Essential Oils in Woodlands (ii) Angora Goat farm in Ujkomst Ikwezi (iii) Bafazi Phambili Poultry project in Jansenville (iv) Vukuzenzele in Pearson. These sites have now completed mentorship cycle and contracts ended by June 2015. Closing report will be submitted in 1st Quarter. 3 rollout Mentorship sites have been evaluated and reports to Mayco were submitted in 2nd and 3rd Quarter of the year under review. Therefore mentorship for these sites will be extended in the new year and for the last term of Mentorship to (i) Indyebo Farm in Ndlambe (ii) Abordent piggy in Camdeboo and Sakkias Farm in Baviaans LMs. 2 new mentorship sites have been identified for implementation in the new Year: (i) Koodoville in Makana (ii) Sewentfontein in Baviaans LM. |



57/11/16

|   |                                | Performance Milestones                                       |   |   |                                      | 2014/15 Financial Year |   |  |  |  |   |  |
|---|--------------------------------|--|---|---|--------------------------------------|------------------------|---|--|--|--|---|--|
| Objective   | Strategy                       | Project  | Key Performance Indicator   | Annual Target 2015/16   | Department                           | GFS                    | 30 June 2016 Target                       | Actual & reason for variance   | State if Project is Complete, On Target, Not On Target, Not Started  | State Brief Plan of Action to address Projects Not On Target and Not Started   | Annual Target:  | Actual   |
|   |                                |  |   |   |                                      |                        | Actual & reason for variance              | State if Project is Complete, On Target, Not On Target, Not Started  | State Brief Plan of Action to address Projects Not On Target and Not Started   | Annual Target:   | Actual  |  |
| <b>DEVELOPMENT PRIORITY 4: COMMUNITY AND SOCIAL SERVICES</b>          |                                |  |   |   |                                      |                        |   |  |  |  |   |  |
| To provide effective fire fighting to all LMs in the district by 2017 | Provide fire fighting capacity | Standardisation of Fire Hydrants in the District             | Restoration and standardisation of Fire Hydrants in Ndlambe, Kouga and Makana | Restoration and standardisation of 150 Fire Hydrants in Kouga, Makana and Ndlambe | Planning and Infrastructure Services | Public Safety          | 50 Fire hydrants standardized             | This project is 100% completed   | Completed  | Not applicable   | Restoration and standardisation of 408 Fire Hydrants in Koukamma, Camdeboo, Blue Crane Route, Sundays River Valley, Ikwezi, and Bavians | The delays (legal matters) were encountered after the award of the contract for this phase. However 408 fire hydrants have been installed. This phase of the project is 100% complete  |
|   | Provide resources              | Construction of Ndlambe Integrated Emergency Response Centre | Integrated Emergency Response Centre completed in Ndlambe                     | Initiation of project construction  | Planning and Infrastructure Services | Public Safety          | Project 100% complete                     | This project is 70% Complete   | Not on target  | This project will be rolled over into the new financial year. The project is anticipated to be completed in August 2016. Construction is progressing well. | Initiation of project construction  | The project was delayed due to shortfall of funds. Council approved additional funding to the amount of R 4 822 756 at its meeting that was held on 26 November 2014. After several interaction with Ndlambe Municipality, it was decided that SBDM will implement the project. The project was advertised publicly for the services of the contractor on 06 February 2015 and bids closed on 20 February 2015. The project has been awarded; a letter of appointment will be sent to the contractor after objection period elapses (22 July).   |
|   |                                | Paterson Emergency Disaster Centre                           | Paterson Emergency Disaster Centre  | Construction of Disaster Centre in Paterson                                       | Planning and Infrastructure Services | Public Safety          | Final design and documentation complete   | This project is not on target. Although design process commenced, draft drawings have not been finalised by DPW. | Not on target  | The design will proceed into new financial year. The project has been rolled over.   | Phase 1 (20%) of Disaster Centre Completed  | The site visits was conducted on 10 September 2014 by the Mayoral Committee and a report was sent to the Mayoral Committee Meeting but was relayed back by management. A meeting was held with the MM and officials of SRV Municipality and they indicated that they have a Council Resolution regarding the centre. The project could not kick off because the methodology has not been finalised.  |
|   |                                | Koukamma Fire Station  | Construction of Koukamma Fire Station   | 100% of construction complete   | Planning and Infrastructure Services | Public Safety          | Project 100% complete                     | Project is 100% completed  | Completed  | Not applicable   | 100% of construction complete   | The project was re-advertised on 11 November 2014 and closed on 01 December 2014. Council approved additional funding to the amount of R 1 207 549 at its meeting that was held on 26 November 2014. The report was tabled at the Bid Adjudication Committee Meeting and the project was awarded on 05 February 2015. The contractor was appointed on 04 March 2015 and the bidder declined the appointment on 11 March 2015. They stated that they have been awarded another project somewhere else and they do not have enough resources to deal with both projects. The Bid Evaluation Committee have re-evaluated the other bids again. The contractor was appointed and construction commenced on 17 June 2015. |
| Mitigate disaster risk  | Mitigate disaster risk         | Disaster Risk Reduction through training of artisans         | Establishment of a trained team of artisans                                   | Training of 15 young people as artisans   | Planning and Infrastructure Services | Public Safety          | 100% of training complete                 | Training is progressing well but it was delayed by community unrest which prolonged for more than three months.  | Not on target  | Training will be completed during the first quarter of the new financial year.   | NA  | NA   |
|   |                                | Disaster Risk Assessment                                     | Undertake a disaster risk and hazard analysis of the SBDM area.               | Risk Assessment of the 6 municipalities   | Planning and Infrastructure Services | Public Safety          | Assessment Undertaken at 2 Municipalities | Not on target  | This project is not on target. However, the project is progressing well after prolonged delays due procurement challenges. | The project will be completed in March 2017  | NA  | NA   |

|  |  | Performance Milestones                     |   |  |                          | 2014/15 Financial Year              |                                   |   |   |  |  |   |
|--|--|--|---|--|--------------------------|-------------------------------------|-----------------------------------|---|---|--|--|---|
| Objective  | Strategy   | Project                                    | Key Performance Indicator                       | Annual Target 2015/16  | Department               | GFS                                 | 30 June 2016 Target               | Actual & reason for variance  | State if Project is Complete, On Target, Not On Target, Not Started | State Brief Plan of Action to address Projects Not On Target and Not Started | Annual Target  | Actual  |
| <p><b>DEVELOPMENT PRIORITY 5: INSTITUTIONAL DEVELOPMENT</b></p> <p>To integrate and synergise operations between Department of Social Development and SBDH on HIV and AIDS on Orphan Vulnerable Children Programmes annually</p> | <p>To work closely with DSD and other organisations working with OVC's</p> | <p>Implementation of the HIV/AIDS Plan</p> | <p>100% Implementation of the HIV/AIDS Plan</p> | <p>HIV/AIDS Plan implemented through, HCT and TB Campaigns and Household surveys</p> | <p>Municipal Manager</p> | <p>Community and Social Service</p> | <p>Support Makana LAC and DAC</p> | <p>Hosted Provincial World TB Day on 07/04/2016 in partnership with Makana LAC, DOH and ECAC. Conducted Advocacy Program in Schools (Nombulelo &amp; Mvelhanya High School) Conducted Door to Door in Joza Location (Ward 2 Makana)</p> | <p>On Target</p>  | <p>Not applicable</p>  | <p>HIV/AIDS Plan implemented through, HCT and TB Campaigns and Household surveys</p> | <p>Door to Door conducted to create Tuberculosis(TB) and HIV and AIDS Awareness at Ikwezi in April 2015. TB Day and Student Dialogues (2 schools) at Ikwezi in April 2015. Local Aids Council(LAC) Induction at Ikwezi in April 2015 LAC Induction at Camdeboo in May 2015 Anti-substance Programme in Camdeboo (Aberdeen and Graff Reinet) in June 2015. Internal HIV Counselling and Testing (HCT) Drive in June 2015. District Aids Council (DAC) Activation Session in June 2015.</p> |

*b/m*  
*3/08/2016*



# **SARAH BAARTMAN DISTRICT MUNICIPALITY**

**National Treasury**

**Annual Pre-Audit Budget Returns**

**For the year ended 30 June 2016**

**BSA : STATEMENT OF FINANCIAL POSITION AUDITED ACTUAL(All values in Rand and +)**  
 Save File as : Muncde\_BSA\_ccyy\_Y.XLS (e.g.: GT411\_BSA\_2006\_Y)

Change Year End (ccyy) to Financial Year End (e.g.: 2006 for year 2005/2006) and Muncde to your own municipal code (e.g.: GT411)  
 To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Year End | Mun  | Item        | Detail                                   | Audited Actual 2015/16 |
|----------|------|-------------|--|------------------------|
| 2016     | DC10 | 0100        | COMMUNITY WEALTH / EQUITY                |                        |
|          |      | 0110        | Community Wealth                         | 0                      |
|          |      | 0600        | Housing Development Fund                 | 0                      |
|          |      | 0300        | Reserves                                 | 76 957 915             |
|          |      | 0500        | Accumulated Surplus/(Deficit)            | 159 211 580            |
|          |      | 0680        | Minorities Interests                     | 0                      |
|          |      | <b>0690</b> | <b>Total Community Wealth / Equity</b>   | <b>236 169 495</b>     |
|          |      | 0700        | Non-Current Liabilities                  | 0                      |
|          |      | 0900        | Borrowing                                | 0                      |
|          |      | 0910        | Non-Current Provisions                   | 60 116 246             |
|          |      | <b>1000</b> | <b>Total Non-Current Liabilities</b>     | <b>60 116 246</b>      |
|          |      | 2300        | Current Liabilities                      | 0                      |
|          |      | 2400        | Consumer Deposits                        | 0                      |
|          |      | 2500        | Provisions                               | 719 459                |
|          |      | 2600        | Creditors                                | 25 518 231             |
|          |      | 2610        | Conditional Grants and Receipts          | 0                      |
|          |      | 2700        | Bank Overdraft                           | 0                      |
|          |      | 2800        | Borrowing                                | 3 848 652              |
|          |      | <b>1600</b> | <b>Total Current Liabilities</b>         | <b>30 086 342</b>      |
|          |      | <b>1650</b> | <b>Total Net Assets and Liabilities</b>  | <b>326 372 083</b>     |
|          |      | <b>1100</b> | <b>ASSETS</b>                            |                        |
|          |      | <b>1200</b> | <b>Non-Current Assets</b>                |                        |
|          |      | 1300        | Property Plant and Equipment             | 24 182 520             |
|          |      | 1400        | Non-Current Investments                  | 0                      |
|          |      | 1500        | Long-term Receivables                    | 187 582                |
|          |      | 1401        | Investment Property                      | 25 962 500             |
|          |      | 1402        | Investment in Associate                  | 0                      |
|          |      | 1403        | Agricultural                             | 0                      |
|          |      | 1404        | Biological                               | 0                      |
|          |      | 1405        | Intangible                               | 86 885                 |
|          |      | 1406        | Other Non-Current Assets                 | 35 028 000             |
|          |      | <b>2900</b> | <b>Total Non-Current Assets</b>          | <b>85 447 487</b>      |
|          |      | <b>1700</b> | <b>Current Assets</b>                    |                        |
|          |      | 2200        | Call Investment Deposits                 | 234 300 736            |
|          |      | 1900        | Inventory                                | 0                      |
|          |      | 2000        | Consumer Debtors                         | 3 974 893              |
|          |      | 2010        | Other Debtors                            | 2 648 967              |
|          |      | 2100        | Current Portion Of Long-Term Receivables | 0                      |
|          |      | 1800        | Cash                                     | 0                      |
|          |      | <b>2150</b> | <b>Total Current Assets</b>              | <b>240 924 596</b>     |
|          |      | <b>3000</b> | <b>Total Assets</b>                      | <b>326 372 083</b>     |

**OSAA : STATEMENT OF FINANCIAL PERFORMANCE AUDITED ACTUAL (All values in Rand. Se input Form Instructions)(Select Signing Convention: +1 or -1, Check Totals)**

Save File as : Muncde\_Osaa\_cyry\_Y.XLS (e.g.: G1411\_Osaa\_2006\_Y)  
 Change Year/End (cyry) to Financial Year End (e.g.: 2006 for year 2005/2006)  
 Change Muncde to your own municipal code (e.g.: G1411)

All functions are listed below

If function is a Municipal Entity change Munc/Ent to Y next to function description column  
 To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Year End | Mun | Functi on | Function/Subfunction Description | Mun Ent(Y/N) | Item | Detail   | Audited Actual 2015/16 |
|----------|-----|-----------|----------------------------------|--------------|------|--|------------------------|
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0100 | OPERATING REVENUE  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0200 | Property Rates   | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0300 | Property Rates - Penalties And Collection Charges            | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0400 | Service Charges  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0700 | Rent Of Facilities And Equipment                             | 1 394 683              |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0800 | Interest Earned - External Investments                       | 18 050 888             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1000 | Interest Earned - Outstanding Debtors                        | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1100 | Dividends Received   | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1300 | Fines  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1400 | Licenses and Permits   | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1500 | Agency Services  | 45 797                 |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1600 | Transfers Recognised - Operating                             | 95 432 020             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1610 | Transfers Recognised - Capital                               | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1700 | Other Revenue  | 12 888 334             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1800 | Gain On Disposal Of Property, Plant & Equipment              | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1900 | Total Operating Revenue Generated                            | 127 811 503            |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2000 | Less Revenue Foregone  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2100 | Total Direct Operating Revenue                               | 127 811 503            |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2200 | INTERNAL TRANSFERS - (must net out with corresp. items under | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2300 | Interest Received - Internal Loans                           | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2500 | Internal Recoveries (Activity Based Costing Etc)             | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2600 | Dividends Received - Internal (From Municipal Entities)      | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2700 | Total Indirect Operating Revenue                             | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2800 | Total Operating Revenue                                      | 127 811 503            |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2900 | OPERATING EXPENDITURE  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3000 | Employee Related Costs - Wages & Salaries                    | 35 090 189             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3100 | Employee Related Costs - Social Contributions                | 3 454 673              |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3200 | Less Employee Costs Capitalised                              | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3300 | Less Employee Costs Allocated To Other Operating Items       | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3400 | Remuneration Of Councilors                                   | 6 635 500              |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3500 | Debt Impairment  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3600 | Collection Costs   | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3700 | Depreciation and Asset Impairment                            | 1 758 778              |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3900 | Interest Expense - External Borrowings                       | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4000 | Redemption Payments - External Borrowings (Gamap To Remove)  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4100 | Bulk Purchases   | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4110 | Other Materials  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4200 | Contracted Services  | 2 863 328              |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4300 | Grants and Subsidies   | 23 074 653             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4400 | Other Expenditure  | 58 808 655             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4500 | Less On Disposal Of Property, Plant & Equipment              | 230 428                |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4550 | Contributions To/(From) Provisions                           | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4600 | Total Direct Operating Expenditure                           | 131 916 212            |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4700 | INTERNAL TRANSFERS - (must net out with corresp. items under | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4800 | Interest - Internal Borrowings                               | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5000 | Internal Charges (Activity Based Costing Etc)                | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5010 | Contributed Assets   | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5100 | Total Indirect Operating Expenditure                         | 131 916 212            |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5200 | SURPLUS  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5300 | Operating Surplus / (Deficit) - Total Revenue Less Total Exp | -4 104 709             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5500 | Taxation   | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5600 | Operating Surplus / (Deficit) - After Tax                    | -4 104 709             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5800 | Cross Subsidisation  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5900 | Plus Interests In Entities Not Wholly Owned                  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5900 | Surplus / (Deficit) After Tax, Cross Subsidies & Share Of As | -4 104 709             |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6200 | OTHER ADJUSTMENTS AND TRANSFERS                              | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6210 | Dividends Paid (Municipal Entities Only)                     | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6220 | Asset Financing Reserve (Afr)                                | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6230 | Housing Development Fund                                     | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6240 | Depreciation Reserve Ex Afr                                  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6250 | Depreciation Reserve Ex Govt Grants                          | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6260 | Depreciation Reserve Ex Donations And Contributions          | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6270 | Self-Insurance Reserve                                       | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6270 | Revaluation Reserve  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6280 | Other  | 0                      |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 6700 | Change To Unappropriated Surplus / (Accumulated Deficit)     | -4 104 709             |

**CFAA : CASH FLOW STATEMENT AUDITED ACTUALS (All values in Rand)(Payments= +)**

Save File as : Muncde\_CFAA\_ccyy\_Y.XLS (e.g.: GT411\_CFAA\_2010\_Y)

Change Year End (ccyy) to Financial Year End (e.g.: 2010 for year 2009/2010) and Muncde to your own municipal code (e.g.: GT411)

To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Year | Month |      |             |   | Audited            |
|------|-------|------|-------------|---|--------------------|
| End  | End   | Mun  | Item        | Detail  | Actual             |
| 2016 | AUDA  | DC10 | 3000        | Cash Receipts by Source                             |                    |
|      |       |      | 3010        | Property rates                                      | 0                  |
|      |       |      | 3020        | Property rates - penalties & collection charges     | 0                  |
|      |       |      | 3030        | Service charges - electricity revenue               | 0                  |
|      |       |      | 3040        | Service charges - water revenue                     | 0                  |
|      |       |      | 3050        | Service charges - sanitation revenue                | 0                  |
|      |       |      | 3060        | Service charges - refuse revenue                    | 0                  |
|      |       |      | 3070        | Service charges - other                             | 0                  |
|      |       |      | 3080        | Rental of facilities and equipment                  | 1 394 663          |
|      |       |      | 3090        | Interest earned - external investments              | 18 276 686         |
|      |       |      | 3100        | Interest earned - outstanding debtors               | 0                  |
|      |       |      | 3110        | Dividends received                                  | 0                  |
|      |       |      | 3120        | Fines   | 0                  |
|      |       |      | 3130        | Licences and permits                                | 0                  |
|      |       |      | 3140        | Agency services                                     | 45 797             |
|      |       |      | 3150        | Transfer receipts - operational                     | 86 418 521         |
|      |       |      | 3160        | Other revenue                                       | 5 230 424          |
|      |       |      | <b>3170</b> | <b>Cash Receipts by Source</b>                      | <b>111 366 091</b> |
|      |       |      | <b>3180</b> | <b>Other Cash Flows/Receipts by Source</b>          |                    |
|      |       |      | 3190        | Transfer receipts - capital                         | 0                  |
|      |       |      | 3200        | assets  | 0                  |
|      |       |      | 3210        | Proceeds on disposal of PPE                         | 205 323            |
|      |       |      | 3220        | Short term loans                                    | 0                  |
|      |       |      | 3230        | Borrowing long term/refinancing                     | 0                  |
|      |       |      | 3240        | Increase (decrease) in consumer deposits            | 837 153            |
|      |       |      | 3250        | Decrease (Increase) in non-current debtors          | 0                  |
|      |       |      | 3260        | receivables   | 0                  |
|      |       |      | 3270        | Decrease (increase) in non-current investments      | -5 102             |
|      |       |      | <b>3280</b> | <b>Total Cash Receipts by Source</b>                | <b>112 403 465</b> |
|      |       |      | <b>4000</b> | <b>Cash Payments by Type</b>                        |                    |
|      |       |      | 4010        | Employee related costs                              | 38 239 661         |
|      |       |      | 4020        | Remuneration of councillors                         | 6 635 500          |
|      |       |      | 4030        | Collection costs                                    | 0                  |
|      |       |      | 4040        | Interest paid                                       | 433                |
|      |       |      | 4050        | Bulk purchases - Electricity                        | 0                  |
|      |       |      | 4060        | Bulk purchases - Water & Sewer                      | 0                  |
|      |       |      | 4070        | Other materials                                     | 0                  |
|      |       |      | 4080        | Contracted services                                 | 2 863 326          |
|      |       |      | 4090        | Grants and subsidies paid - other municipalities    | 25 033 214         |
|      |       |      | 4100        | Grants and subsidies paid - other                   | 0                  |
|      |       |      | 4110        | General expenses                                    | 56 235 963         |
|      |       |      | <b>4120</b> | <b>Cash Payments by Type</b>                        | <b>129 008 097</b> |
|      |       |      | <b>4130</b> | <b>Other Cash Flows/Payments by Type</b>            |                    |
|      |       |      | 4140        | Capital assets                                      | 1 403 299          |
|      |       |      | 4150        | Repayment of borrowing                              | -32 005 569        |
|      |       |      | 4160        | Other Cash Flows/Payments                           | 0                  |
|      |       |      | <b>4170</b> | <b>Total Cash Payments by Type</b>                  | <b>98 405 827</b>  |
|      |       |      | <b>4180</b> | <b>Net Increase/(Decrease) in Cash Held</b>         | <b>13 997 638</b>  |
|      |       |      | 4190        | Cash/cash equivalents at the month/year begin:      | 85 303 098         |
|      |       |      | <b>4200</b> | <b>Cash/cash equivalents at the month/year end:</b> | <b>99 300 736</b>  |

CAAA : CAPITAL ACQUISITION AND SOURCES OF FINANCE AUDITED ACTUAL (All values in Rand)

Save File as : Muncde, CAAA, copy, Y, XLS (e.g. : G1411, CAAA, 2006, Y)

Change Year End (copy) to Financial Year End (e.g. : 2006 for year 2005/2006)

Change Muncde to your own municipal code (e.g. : G1411)

All functions are listed below

If function is a Municipal Entity change MuncEnt to Y next to function description column

To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Year End | Mun | Functi on | Function/Subfunction Description | Mun Ent(Y/N) | Item | Detail                                     | Contr Assets | New Capital | Repl Capital | Repair/Mnt Capital | Carry Over | Contr Assets | New Capital | Repl Capital | Repair/Mnt Capital | Carry Over |
|----------|-----|-----------|----------------------------------|--------------|------|--|--------------|-------------|--------------|--------------------|------------|--------------|-------------|--------------|--------------------|------------|
|          |     | 9999      | TOTAL FOR ALL FUNCTIONS          |              | 0100 | INFRASTRUCTURE                             | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0300 | Roads, Pavements, Bridges & Storm Water    | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0400 | Water Reservoirs & Reticulation            | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0500 | Car Parks, Bus Terminals and Taxi Ranks    | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0600 | Electricity Reticulation                   | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0700 | Sewerage Purification & Reticulation       | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0800 | Housing                                    | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 0900 | Street Lighting                            | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1000 | Refuse sites                               | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1100 | Gas  | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1200 | Other                                      | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1300 | Sub-total Infrastructure                   | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1400 | COMMUNITY                                  | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1500 | Establishment of Parks & Gardens           | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1600 | Sportsfields                               | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1700 | Community Halls                            | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1800 | Libraries                                  | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 1900 | Recreational Facilities                    | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2000 | Clinics                                    | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2100 | Museums & Art Galleries                    | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2200 | Other                                      | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2300 | Sub-total Community                        | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2310 | HERITAGE ASSETS                            | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2311 | Heritage Assets                            | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2312 | Sub-total Heritage Assets                  | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2320 | INVESTMENT PROPERTIES                      | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2321 | Investment Properties                      | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2322 | Sub-total Investment Properties            | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2400 | OTHER ASSETS                               | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2500 | Other motor vehicles                       | 0            | 879 677     | 0            | 0                  | 0          | 879 677      | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2600 | Plant & equipment                          | 0            | 155 858     | 0            | 0                  | 0          | 155 858      | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2700 | Office equipment                           | 0            | 289 060     | 0            | 0                  | 0          | 289 060      | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2800 | Abattoirs                                  | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 2900 | Markets                                    | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3000 | Airports                                   | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3100 | Security Measures                          | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3120 | Civic Land and Buildings                   | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3200 | Other Land and Buildings                   | 0            | 78 704      | 0            | 0                  | 0          | 78 704       | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3300 | Sub-total Other Assets                     | 0            | 627 129     | 0            | 0                  | 627 129    | 627 129      | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3400 | SPECIALISED VEHICLES                       | 0            | 2 030 428   | 0            | 0                  | 0          | 1 403 299    | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3500 | Refuse                                     | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3600 | Fire                                       | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3700 | Conservancy                                | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3800 | Ambulances                                 | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 3900 | Buses                                      | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4000 | Sub-total Specialised Vehicles             | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4010 | AGRICULTURAL ASSETS                        | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4011 | Agricultural Assets                        | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4012 | Sub-total Agricultural Assets              | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4020 | BIOLOGICAL ASSETS                          | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4021 | Biological Assets                          | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4022 | Sub-total Biological Assets                | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4030 | INTANGIBLES                                | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4031 | Intangibles                                | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4032 | Sub-total Intangibles                      | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4100 | TOTAL                                      | 0            | 2 030 428   | 0            | 0                  | 627 129    | 1 403 299    | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4200 | SOURCE OF FINANCE                          | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4300 | External Loans                             | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4400 | Asset Financing Reserve                    | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4500 | Surplus Cash                               | 0            | 2 030 428   | 0            | 0                  | 0          | 1 403 299    | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4600 | Public contributions/ donations            | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4700 | National Government Transfers and Grants   | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4701 | Provincial Government Transfers and Grants | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4702 | District Municipality Transfers and Grants | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4703 | Other Transfers and Grants                 | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 4800 | Leases                                     | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5000 | Other                                      | 0            | 0           | 0            | 0                  | 0          | 0            | 0           | 0            | 0                  | 0          |
|          |     |           | TOTAL FOR ALL FUNCTIONS          |              | 5100 | TOTAL FINANCING                            | 0            | 2 030 428   | 0            | 0                  | 627 129    | 1 403 299    | 0           | 0            | 0                  | 0          |



AMA - CAPITAL ASSET MANAGEMENT INFORMATION AUDITED ACTUALS (All values in Rand)  
 Save File as: Munde\_AMA\_coc\_Y.XLS (e.g. G1421\_AMA\_2014\_Y)  
 Change Year End (cocy) to Financial Year End (e.g. 2014 for year 2013/2014)  
 Change Munde to your own municipal code (e.g. G1421)  
 All functions are listed below  
 If function is a Municipal Entity change Munde to Y next to function description column  
 To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Year End | Mun | Functi on | Mun Entity(N) | Item | Detail                                  | Opening Value | CAAA form New & CA | CAAA form Repl | Annual Depn | Disposals | Transfers | Closing Value |
|----------|-----|-----------|---------------|------|---|---------------|--------------------|----------------|-------------|-----------|-----------|---------------|
|          |     |           |               | 0100 | INFRASTRUCTURE                          |               |                    |                |             |           |           |               |
|          |     |           |               | 0300 | Roads, Pavements, Bridges & Storm Water |               |                    |                |             |           |           |               |
|          |     |           |               | 0400 | Water Reservoirs & Retention            |               |                    |                |             |           |           |               |
|          |     |           |               | 0500 | Car Parks, Bus Terminals and Taxi Ranks |               |                    |                |             |           |           |               |
|          |     |           |               | 0600 | Electricity Retention                   |               |                    |                |             |           |           |               |
|          |     |           |               | 0700 | Sewerage Purification & Retention       |               |                    |                |             |           |           |               |
|          |     |           |               | 0800 | Housing                                 |               |                    |                |             |           |           |               |
|          |     |           |               | 0900 | Street Lighting                         |               |                    |                |             |           |           |               |
|          |     |           |               | 1000 | Refuse sites                            |               |                    |                |             |           |           |               |
|          |     |           |               | 1100 | Gas                                     |               |                    |                |             |           |           |               |
|          |     |           |               | 1200 | Other                                   |               |                    |                |             |           |           |               |
|          |     |           |               | 1300 | Sub-total Infrastructure                |               |                    |                |             |           |           |               |
|          |     |           |               | 1400 | COMMUNITY                               |               |                    |                |             |           |           |               |
|          |     |           |               | 1500 | Establishment of Parks & Gardens        |               |                    |                |             |           |           |               |
|          |     |           |               | 1600 | Sportsfields                            |               |                    |                |             |           |           |               |
|          |     |           |               | 1700 | Community Halls                         |               |                    |                |             |           |           |               |
|          |     |           |               | 1800 | Libraries                               |               |                    |                |             |           |           |               |
|          |     |           |               | 1900 | Recreational Facilities                 |               |                    |                |             |           |           |               |
|          |     |           |               | 2000 | Clinics                                 |               |                    |                |             |           |           |               |
|          |     |           |               | 2100 | Museums & Art Galleries                 |               |                    |                |             |           |           |               |
|          |     |           |               | 2200 | Other                                   |               |                    |                |             |           |           |               |
|          |     |           |               | 2300 | Sub-total Community                     |               |                    |                |             |           |           |               |
|          |     |           |               | 2310 | HERITAGE ASSETS                         |               |                    |                |             |           |           |               |
|          |     |           |               | 2311 | Heritage Assets                         |               |                    |                |             |           |           |               |
|          |     |           |               | 2312 | Sub-total Heritage Assets               |               |                    |                |             |           |           |               |
|          |     |           |               | 2320 | INVESTMENT PROPERTIES                   |               |                    |                |             |           |           |               |
|          |     |           |               | 2321 | Investment Properties                   |               |                    |                |             |           |           |               |
|          |     |           |               | 2322 | Sub-total Investment Properties         |               |                    |                |             |           |           |               |
|          |     |           |               | 2400 | OTHER ASSETS                            |               |                    |                |             |           |           |               |
|          |     |           |               | 2500 | Other motor vehicles                    |               |                    |                |             |           |           |               |
|          |     |           |               | 2600 | Plant & equipment                       |               |                    |                |             |           |           |               |
|          |     |           |               | 2700 | Office equipment                        |               |                    |                |             |           |           |               |
|          |     |           |               | 2800 | Abattoirs                               |               |                    |                |             |           |           |               |
|          |     |           |               | 2900 | Markets                                 |               |                    |                |             |           |           |               |
|          |     |           |               | 3000 | Airports                                |               |                    |                |             |           |           |               |
|          |     |           |               | 3100 | Security Measures                       |               |                    |                |             |           |           |               |
|          |     |           |               | 3120 | Civic Land and Buildings                |               |                    |                |             |           |           |               |
|          |     |           |               | 3200 | Other Land and Buildings                |               |                    |                |             |           |           |               |
|          |     |           |               | 3300 | Sub-total Other Assets                  |               |                    |                |             |           |           |               |
|          |     |           |               | 3400 | SPECIALISED VEHICLES                    |               |                    |                |             |           |           |               |
|          |     |           |               | 3500 | Refuse                                  |               |                    |                |             |           |           |               |
|          |     |           |               | 3600 | Fire                                    |               |                    |                |             |           |           |               |
|          |     |           |               | 3700 | Conservancy                             |               |                    |                |             |           |           |               |
|          |     |           |               | 3800 | Ambulances                              |               |                    |                |             |           |           |               |
|          |     |           |               | 3900 | Bus                                     |               |                    |                |             |           |           |               |
|          |     |           |               | 4000 | Sub-total Specialised Vehicles          |               |                    |                |             |           |           |               |
|          |     |           |               | 4010 | AGRICULTURAL ASSETS                     |               |                    |                |             |           |           |               |
|          |     |           |               | 4011 | Agricultural Assets                     |               |                    |                |             |           |           |               |
|          |     |           |               | 4020 | BIOLOGICAL ASSETS                       |               |                    |                |             |           |           |               |
|          |     |           |               | 4021 | Biological Assets                       |               |                    |                |             |           |           |               |
|          |     |           |               | 4030 | Sub-total Biological Assets             |               |                    |                |             |           |           |               |
|          |     |           |               | 4031 | INTANGIBLES                             |               |                    |                |             |           |           |               |
|          |     |           |               | 4032 | Intangibles                             |               |                    |                |             |           |           |               |
|          |     |           |               | 4033 | Sub-total Intangibles                   |               |                    |                |             |           |           |               |
|          |     |           |               | 4100 | TOTAL                                   |               |                    |                |             |           |           |               |

AD - AGE ANALYSIS OF DEBTORS (All values in Rand)  
 Save File as : Muncde\_AD\_cpyr\_Minr\_XLS (e.g. : GT411\_AD\_2005\_M10)  
 Change Year End (copy) to Financial Year End (e.g. : 2005 for year 2004/2005) and Month End (Mm) to Active Month (M01=July - M12=June) (e.g. : M10)  
 Change Muncde to your own municipal code (e.g. : GT411)  
 To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Year End | Month | Mun  | Item | Detail  | 0 - 30 Days     | 31 - 60 Days   | 61 - 90 Days | 91 - 120 Days    | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year    | Total            | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts Lto Council Policy |
|----------|-------|------|------|---|-----------------|----------------|--------------|------------------|----------------|----------------|-------------------|----------------|------------------|--|---|
| 2016     | M12   | DC10 | 1100 | Debtors Age Analysis By Income Source                                     |                 |                |              |                  |                |                |                   |                |                  |  |   |
|          |       |      | 1200 | Trade and Other Receivables from Exchange Transactions - Water            | 0               | 0              | 0            | 0                | 0              | 0              | 0                 | 0              | 0                | 0  | 0   |
|          |       |      | 1300 | Trade and Other Receivables from Exchange Transactions - Electricity      | 0               | 0              | 0            | 0                | 0              | 0              | 0                 | 0              | 0                | 0  | 0   |
|          |       |      | 1400 | Receivables from Non-exchange Transactions - Property Rates               | 0               | 0              | 0            | 0                | 0              | 0              | 0                 | 0              | 0                | 0  | 0   |
|          |       |      | 1500 | Receivables from Exchange Transactions - Waste Water Management           | 0               | 0              | 0            | 0                | 0              | 0              | 0                 | 0              | 0                | 0  | 0   |
|          |       |      | 1600 | Receivables from Exchange Transactions - Waste Management                 | 0               | 0              | 0            | 0                | 0              | 0              | 0                 | 0              | 0                | 0  | 0   |
|          |       |      | 1700 | Receivables from Exchange Transactions - Property Rental Debtors          | 979             | 13 534         | 975          | 688              | 12 559         | -297           | 23 949            | 115 098        | 167 465          | 167 465                                      | 0   |
|          |       |      | 1810 | Interest on Arrear Debtor Accounts  | 28              | 0              | 0            | 0                | 0              | 0              | 0                 | 0              | 28               | 28   | 0   |
|          |       |      | 1820 | Recoverable unauthorised, irregular or fruitless and wasteful Expenditure | 0               | 0              | 0            | 0                | 0              | 0              | 0                 | 0              | 0                | 0  | 0   |
|          |       |      | 1900 | Other   | -137 623        | 972 678        | 478          | 2 028 154        | 0              | 0              | 166 708           | 13 016         | 3 043 411        | 141 587                                      | 0   |
|          |       |      | 2000 | <b>Total By Income Source</b>   | <b>-136 616</b> | <b>986 212</b> | <b>1 453</b> | <b>2 028 842</b> | <b>12 559</b>  | <b>-297</b>    | <b>190 657</b>    | <b>128 114</b> | <b>3 210 924</b> | <b>141 587</b>                               | <b>0</b>                                  |
|          |       |      | 2100 | Debtors Age Analysis By Customer Group                                    |                 |                |              |                  |                |                |                   |                |                  |  |   |
|          |       |      | 2200 | Organs of State   | -772 668        | 985 237        | 478          | 2 028 156        | 12 559         | -297           | 191 456           | 128 112        | 2 573 033        | 141 587                                      | 0   |
|          |       |      | 2300 | Commercial  | 0               | 0              | 0            | 0                | 0              | 0              | 1                 | 1              | 2                | 0  | 0   |
|          |       |      | 2400 | Households  | 636 052         | 0              | 975          | 686              | 0              | 0              | -800              | 0              | 637 889          | 0  | 0   |
|          |       |      | 2500 | Other   | -136 616        | 986 212        | 1 453        | 2 028 842        | 12 559         | -297           | 190 657           | 128 114        | 3 210 924        | 141 587                                      | 0   |
|          |       |      | 2600 | <b>Total By Customer Group</b>  | <b>-136 616</b> | <b>986 212</b> | <b>1 453</b> | <b>2 028 842</b> | <b>12 559</b>  | <b>-297</b>    | <b>190 657</b>    | <b>128 114</b> | <b>3 210 924</b> | <b>141 587</b>                               | <b>0</b>                                  |

**Note:**

Property Rental Debtors: including housing and land sale debtors  
 Total By Income Source = Total by Customer Group  
 The total debtors amount must balance the total amount reflected for debtors on the BSAC return.  
 Bad Debts=Bad Debts written off during the month  
 Impairment - Bad Debts Lto Council Policy

The aim of this schedule is to ensure that the impairment contribution is done in a structured manner  
 The impairment amount that is entered in this block should be the aggregated amount as per the calculation formula in the municipality  
 If a formula to calculate impairment is not in place this is a tool that can be used to develop such a formula and get it approved as part of the accounting policy

Incorrect

AC : AGE ANALYSIS OF CREDITORS (All values in Rand)  
 Save File as : Muncde\_AC\_coyy\_Mnn.XLS (e.g.: GT411\_AC\_2005\_M10)  
 Change Year End (coyy) to Financial Year End (e.g.: 2005 for year 2004/2005) and Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10)  
 Change Muncde to your own municipal code (e.g.: GT411)  
 If (and only if) Creditors per function not available, list top 10 creditors by name  
 To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Year | Month | Mun  | Item        | Detail                                  | 0 -<br>30 Days | 31 -<br>60 Days | 61 -<br>90 Days  | 91 -<br>120 Days | 121 -<br>150 Days | 151 -<br>180 Days | 181 Days -<br>1 Year | Over 1<br>Year | Total            |
|------|-------|------|-------------|---|----------------|-----------------|------------------|------------------|-------------------|-------------------|----------------------|----------------|------------------|
| 2016 | M12   | DC10 | 0100        | Bulk Electricity                        | 0              | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 0                |
|      |       |      | 0200        | Bulk Water                              | 0              | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 0                |
|      |       |      | 0300        | PAYE deductions                         | 0              | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 0                |
|      |       |      | 0400        | VAT (output less input)                 | 0              | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 0                |
|      |       |      | 0500        | Pensions / Retirement deductions        | 0              | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 0                |
|      |       |      | 0600        | Loan repayments                         | 0              | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 0                |
|      |       |      | 0700        | Trade Creditors                         | 403 082        | 173 286         | 1 050 000        | 0                | 0                 | 0                 | 0                    | 0              | 1 626 368        |
|      |       |      | 0800        | Auditor General                         | 0              | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 0                |
|      |       |      | 0900        | Other                                   | 0              | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 0                |
|      |       |      | <b>1000</b> | <b>Total</b>                            | <b>403 082</b> | <b>173 286</b>  | <b>1 050 000</b> | <b>0</b>         | <b>0</b>          | <b>0</b>          | <b>0</b>             | <b>0</b>       | <b>1 626 368</b> |
|      |       |      | TP01        | AURECON SOUTH AFRICA (PTY) LTD          | 283 484        | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 283 484          |
|      |       |      | TP02        | SMADA SECURITY SERVICES (PTY) LTD       | 65 404         | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 65 404           |
|      |       |      | TP03        | CHM VUWANI COMPUTER SOLUTIONS (EC) P    | 21 377         | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 21 377           |
|      |       |      | TP04        | RENNIES TRAVEL (PTY) LTD                | 18 315         | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 18 315           |
|      |       |      | TP05        | ALGOA OFFICE AUTOMATION (PTY) LTD       | 4 470          | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 4 470            |
|      |       |      | TP06        | SENZELE NGAPHEZULU TRADING (PTY) LTD    | 4 275          | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 4 275            |
|      |       |      | TP07        | SARASEC (PTY) LTD T/A BAY CREATIVE EVEN | 2 195          | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 2 195            |
|      |       |      | TP08        | CROSSROADS DISTRIBUTION (PTY) LTD T/A S | 1 651          | 0               | 0                | 0                | 0                 | 0                 | 0                    | 0              | 1 651            |
|      |       |      | TP09        | HENQUE 1018 CC                          | 0              | 173 286         | 0                | 0                | 0                 | 0                 | 0                    | 0              | 173 286          |
|      |       |      | TP10        | NDLAMBE LOCAL MUNICIPALITY              | 0              | 0               | 1 050 000        | 0                | 0                 | 0                 | 0                    | 0              | 1 050 000        |
|      |       |      | <b>TOT</b>  | <b>Total</b>                            | <b>401 171</b> | <b>173 286</b>  | <b>1 050 000</b> | <b>0</b>         | <b>0</b>          | <b>0</b>          | <b>0</b>             | <b>0</b>       | <b>1 624 457</b> |

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