CEDERBERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2016

AUDITOR-GENERAL SOUTH AFRICA

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CEDERBERG LOCAL MUNICIPALITY

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GENERAL INFORMATION

NATURE OF BUSINESS

Cederberg Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Cederberg Local Municipality includes the following areas:

Algeria	Graafwater
Clanwilliam	Leipoltville
Lamberts Bay	Elands Bay
Citrusdal	

MEMBERS OF THE COUNCIL

	After Municipal Elections	Prior to Municipal Elections
Ward 1	Cllr Jan Meyer	Cllr Johannes Jacobus Muller
Ward 2	Cllr Raymond Vernie Pretorius	Cllr Julio Julian Fransman
Ward 3	Cllr Benjamin Ferdinand Zass	Cllr Lorna Scheepers
Ward 4	Cllr Jimmy Barnard	Cllr Jimmy Barnard
Ward 5	Cllr William Josef Farmer	Cllr Danville Smith
Ward 6	Cllr Rhoda Gladys Witbooi	Cllr William Abels
Proportional	Cllr Danville Smith	Cllr Peter Petersen
Proportional	Cllr Evelyn Nombulelo Majikejela	Cllr Judith Mouton
Proportional	Cllr Nosiphiwo Sylvia Qunta	Cllr Colin Erasmus
Proportional	Cllr Marianne Nel	Cllr Benjamin Ferdinand Zass
Proportional	Cllr Francina Noxolo Sokuyeka	Cllr Charmaine Karika September

MEMBERS OF THE MAYORAL COMMITTEE

Elected August 2016

Cllr J Barnard (Executive Mayor)
Cllr BF Zass (Deputy Executive Mayor)
Cllr RV Pretorius
Cllr RG Witbooi

Elected July 2015

Cllr J Muller (Executive Mayor)
Cllr C September (Deputy Executive Mayor)
Cllr J Fransman (Member)
Cllr W Abels (Member)

ACTING MUNICIPAL MANAGER

Mr J France

CHIEF FINANCIAL OFFICER

Mr Elrico Alfred

AUDIT COMMITTEE

Francois Engelbrecht (Chairperson)
Christiaan Cloete
Denver Miller

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GENERAL INFORMATION

REGISTERED OFFICE

2A Voortrekker Road
Clanwilliam

POSTAL ADDRESS

Private Bag x2
Clanwilliam
8135

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA Bank Limited

ATTORNEYS

Webber Wentzel

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
National Environmental Management Act
Preferential Procurement Policy Framework Act, 200
Occupational Health and Safety Act

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APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2016, which are set out on pages 1 to 73 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr I France
Municipal Manager

31/08/2016
Date

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CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
ASSETS			
Current Assets		**41 164 988**	**45 883 781**
Cash and Cash Equivalents	2	2 490 231	6 560 971
Receivables from Exchange Transactions	3	28 158 873	28 139 717
Receivables from Non-Exchange Transactions	4	8 132 148	7 867 949
Taxes	5	-	1 276 332
Operating Lease Asset	6	3 965	23 430
Inventory	7	2 379 770	2 015 382
Non-Current Assets		**559 478 884**	**534 167 659**
Long-term Receivables	8	-	1 020 145
Investment Property	9	75 001 847	74 821 446
Property, Plant and Equipment	10	484 328 363	458 119 741
Intangible Assets	11	148 674	206 327
Total Assets		**600 643 872**	**580 051 440**
Current Liabilities		**67 457 055**	**67 675 324**
Current Portion of Long-term Liabilities	12	2 480 523	3 895 819
Consumer Deposits	13	1 662 487	1 549 522
Payables from exchange transactions	14	53 559 597	52 766 538
Unspent Conditional Government Grants	15	2 414 336	2 501 028
Unspent Public Contributions	16	-	2 409
Taxes	5	14 990	-
Operating Lease Liability	6	23 526	3 733
Current Employee benefits	17	7 301 596	6 956 275
Non-Current Liabilities		**87 643 035**	**83 676 917**
Long-term Liabilities	12	20 173 788	18 693 157
Employee benefits	18	27 424 387	26 643 775
Non-Current Provisions	19	40 044 861	38 339 985
Total Liabilities		**155 100 091**	**151 352 241**
NET ASSETS		**445 543 781**	**428 699 199**
COMMUNITY WEALTH			
Accumulated Surplus		445 543 781	424 699 199
Capital Replacement Reserve	20	-	4 000 000
		445 543 781	**428 699 199**

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**166 141 649**	**146 917 581**
Taxation Revenue		**40 749 759**	**38 568 397**
Property Rates	21	31 447 461	29 922 349
Other Taxes	22	9 302 298	8 646 048
Transfer Revenue		**113 595 979**	**96 072 195**
Government Grants and Subsidies - Operating	23	71 338 080	60 900 952
Government Grants and Subsidies - Capital	23	42 245 398	35 171 243
Public Contributions and Donations	24	12 500	-
Other Revenue		**11 795 912**	**12 276 989**
Insurance Receipts		56 015	210 732
Fines	25	8 689 380	3 029 731
Transfer of Assets	26	-	8 573 245
Actuarial Gains	27	2 939 192	417 204
Reversal of Impairments	28	111 325	46 078
REVENUE FROM EXCHANGE TRANSACTIONS		**111 226 436**	**104 552 366**
Operating Activities		**111 226 436**	**104 552 366**
Service Charges	29	97 875 660	89 716 008
Rental of Facilities and Equipment	30	3 252 262	3 294 321
Interest Earned - external investments		355 840	266 362
Interest Earned - outstanding debtors		3 672 845	2 612 522
Agency Services		1 598 321	1 405 100
Licences and Permits	31	987 493	970 546
Other Income	32	3 484 015	6 287 507
TOTAL REVENUE		**277 368 085**	**251 469 947**
EXPENDITURE			
Employee Related Costs	33	78 229 940	70 978 404
Remuneration of Councillors	34	4 327 829	4 307 365
Debt Impairment	35	19 645 541	6 110 139
Collection Cost		2 229 976	567 683
Depreciation and Amortisation	36	15 823 046	13 375 970
Repairs and Maintenance		6 625 820	6 157 576
Finance Charges	37	9 967 992	6 332 980
Bulk Purchases	38	63 190 741	58 259 728
Other Expenditure	39	59 492 827	50 289 409
Loss on disposal of Non-Monetary Assets	40	989 792	2 008 953
TOTAL EXPENDITURE		**260 523 503**	**218 388 207**
NET SURPLUS FOR THE YEAR		**16 844 582**	**33 081 740**

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2016

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2014 - Previously Reported	**2 142 880**	**389 735 073**	**391 877 953**
Correction of error restatement - refer to note 41.6	-	3 739 505	3 739 505
Balance on 30 June 2014 - Restated	**2 142 880**	**393 474 578**	**395 617 458**
Net Surplus for the year	-	33 081 740	33 081 740
Transfers to Reserves	1 857 120	(1 857 120)	-
Balance on 30 June 2015 - Restated	**4 000 000**	**424 699 199**	**428 699 199**
Net Surplus for the year	-	16 844 582	16 844 582
Transfers from Reserves	(4 000 000)	4 000 000	-
Balance on 30 June 2016	**-**	**445 543 781**	**445 543 781**

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CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		32 004 467	27 192 132
Service Charges and Other Taxes		92 800 769	83 038 684
Other Revenue		13 761 976	13 067 748
Government Grants		114 034 607	96 275 046
Interest		4 028 685	2 878 884
Payments			
Suppliers and employees		(211 997 351)	(188 426 230)
Finance charges		(5 278 468)	(3 125 631)
NET CASH FROM OPERATING ACTIVITIES	42	**39 354 683**	**30 900 632**
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		412 779	482 437
Payments			
Purchase of Investment Property		(235 090)	
Purchase of Property, Plant and Equipment		(43 773 916)	(32 685 490)
Purchase of Intangible Assets		(7 495)	(23 163)
NET CASH USED INVESTING ACTIVITIES		**(43 603 722)**	**(32 226 216)**
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		4 000 000	8 000 000
Increase in Consumer Deposits		112 965	160 760
Payments			
Loans repaid		(3 934 666)	(3 595 976)
NET CASH FROM FINANCING ACTIVITIES		**178 300**	**4 564 784**
NET INCREASE/(DECREASE) IN CASH HELD		**(4 070 740)**	**3 239 201**
Cash and Cash Equivalents at the beginning of the year		6 560 971	3 321 770
Cash and Cash Equivalents at the end of the year		2 490 231	6 560 971

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Current assets	62 391 000	(17 224 000)	45 167 000	41 164 988	(4 002 012)
Non-current assets	534 652 000	(15 975 802)	518 676 198	559 478 884	40 802 686
Current liabilities	52 715 000	(1 655 000)	51 060 000	67 457 055	16 397 055
Non-current liabilities	79 353 198	10 761 000	90 114 198	87 643 035	(2 471 163)
Total Community Wealth	**464 974 802**	**(42 305 802)**	**422 669 000**	**445 543 781**	**22 874 781**
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property rates	36 801 000	(1 448 000)	35 353 000	31 447 461	(3 905 539)
Service Charges	112 993 965	(2 394 000)	110 599 965	107 177 958	(3 422 007)
Investment revenue	230 094	120 000	350 094	355 840	5 746
Transfers recognised - operational	54 155 000	23 950 000	78 105 000	71 338 080	(6 766 920)
Other own revenue	18 029 890	2 694 000	20 723 890	24 803 348	4 079 458
Total Revenue (excluding capital transfers)	**222 209 949**	**22 922 000**	**245 131 949**	**235 122 687**	**(10 009 262)**
EXPENDITURE					
Employee costs	64 723 000	5 958 000	70 681 000	78 229 940	7 548 940
Remuneration of councillors	4 674 908	-	4 674 908	4 327 829	(347 079)
Debt Impairment	8 000 000		8 000 000	19 645 541	11 645 541
Depreciation & asset impairment	16 000 000	-	16 000 000	15 823 046	(176 954)
Finance charges	4 820 000	4 536 000	9 356 000	9 967 992	611 992
Materials and bulk purchases	60 692 426	128 000	60 820 426	63 190 741	2 370 315
Other expenditure	62 558 300	19 600 000	82 158 300	69 338 415	(12 819 885)
Total Expenditure	**221 468 634**	**30 222 000**	**251 690 634**	**260 523 503**	**8 832 869**
Surplus/(Deficit)	741 315	(7 300 000)	(6 558 685)	(25 400 816)	(18 842 131)
Transfers recognised - capital	57 222 000	(12 453 000)	44 769 000	42 245 398	(2 523 602)
NET SURPLUS FOR THE YEAR	**57 963 315**	**(19 753 000)**	**38 210 315**	**16 844 582**	**(21 365 733)**
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	69 994 374	(21 948 374)	48 046 000	39 354 683	(8 691 317)
Net Cash Flow from Investing Activities	(66 581 600)	20 008 000	(46 573 600)	(43 603 722)	2 969 878
Net Cash Flow from Financing Activities	6 080 000	(9 580 000)	(3 500 000)	178 300	3 678 300
Net increase in cash and cash equivalents	**9 492 774**	**(11 520 374)**	**(2 027 600)**	**(4 070 740)**	**(2 043 140)**

Refer to note 44.1 for explanations of material variances between the original and final budget.

Refer to note 44.2 for explanations of material variances between actual amounts and the final budget.

Material variances are considered to be any variances greater than R2.5 million.

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1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

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

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, 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.

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1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved not to early adopt any of the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (May 2015)	Presentation of Financial Statements	1 April 2016
GRAP 16 (May 2015)	Investment Property	1 April 2016
GRAP 17 (May 2015)	Property, Plant and Equipment	1 April 2016
GRAP 31 (May 2015)	Intangible Assets	1 April 2016
GRAP 103 (May 2015)	Heritage Assets	1 April 2016

When the above-mentioned amended Standards of GRAP become effective, the effect will be insignificant. The amendments to the Standards of GRAP will mainly relate to additional disclosure requirements, the removal of encouraged disclosures and the clarification of accounting principles.

The Municipality further resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

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1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following original Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 18 - Segment Reporting (February 2011)

The objective of this Standard is to establish principles for reporting financial information by segments.

This Standard will be implemented as part of the Municipal Standard Chart of Accounts Regulation (mSCOA). The estimated date of implementation is 1 July 2017.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.2.2 GRAP 20 - Related Party Disclosure (June 2011)

The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The Municipality resolved to develop an accounting policy as set out in note 1.29 and also adopt the disclosure requirements of this Standard.

The impact of this Standard on the financial statements will be minimal.

1.08.2.3 GRAP 32 - Service Concession Arrangements: Grantor (August 2013)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.2.4 GRAP 108 - Statutory Receivables (September 2013)

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

The Municipality resolved to develop an accounting policy as set out in note 1.19.

The impact of this Standard on the financial statements will be minimal.

1.08.2.5 GRAP 109 - Accounting by Principles and Agents (July 2015)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

1.08.2.6 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (August 2015)

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

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1.09 RESERVES

1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

(a) The cash funds that back up the CRR are invested until utilised.
(b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
(c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and 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, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	100

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1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

An investment property is derecognised 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 arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset 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, its 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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

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1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land and Buildings	
Land	N/A
Buildings	9 - 101
Capitalised Restoration Costs	14 - 22
Infrastructure	
Roads, Pavements, Bridges & Storm Water	4 - 50
Water Network	8 - 60
Electricity Network	9 - 115
Sewerage Network	5 - 60
Work in Progress	N/A
Finance lease assets	
Office equipment	3 - 11

	YEARS
Community	
Recreational Facilities	20 - 101
Parks & Gardens	50 - 71
Community Halls	16 - 101
Libraries	51 - 100
Cemeteries	30 - 71
Museums and Art Galleries	0-100
Work in Progress	N/A
Other	
Computer Equipment	5 - 17
Motor Vehicles	8 - 26
Office Equipment	5 - 31
Plant & Equipment	5-36
Specialised Vehicles	15 - 19

1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

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

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

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1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an intangible asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits or service potential;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

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

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	6-16

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1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An Impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

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

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

1.13.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.13.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.13.3 Impairment loss

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.13.4 Reversal of an impairment loss

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

(a) in the form of materials or supplies to be consumed in the production process;
(b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
(c) held for sale or distribution in the ordinary course of operations; or
(d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.15.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.15.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

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1.15.3 Short-term Benefits

1.15.3.1 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

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1.17 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.

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.17.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

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1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

- (i) derivatives;
- (ii) combined instruments that are designated at fair value;
- (iii) Instruments held for trading;
- (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.18.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

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1.18.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.18.4 Derecognition of financial instruments

1.18.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

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

1.18.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.19.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.19.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

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1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.19.3 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.22 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

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1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.25 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

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1.26.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment.

1.26.1.4 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.26.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

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1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.26.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 Rental income

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

1.26.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.26.2.6 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

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1.26.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a 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 (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

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1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.29 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.34 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.34.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

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1.34.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.34.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.34.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.34.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.34.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.34.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.34.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

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Figures in Rand		2016	2015
2	**CASH AND CASH EQUIVALENTS**		
	Bank Accounts	2 308 965	1 480 877
	Call Investment Deposits	173 836	5 072 864
	Cash Floats	7 430	7 230
	Total	2 490 231	6 560 971
	Due to the short term nature of cash deposits, all balances included above are in line with their fair values.		
	Cash and Cash Equivalents are held to support the following commitments:		
	Unspent Conditional Grants	2 414 336	2 501 028
	Capital Replacement Reserve	-	4 000 000
	VAT	14 990	-
	Working Capital Requirements	60 905	59 943
	Total Cash and Cash Equivalents	**2 490 231**	6 560 971
	Overdraft facility with ABSA Bank	-	6 000 000
	Bank Accounts		
	Detail of the Bank Accounts (Cash book balances) are as follow:		
	Cash book balance at beginning of year	1 480 877	2 043 960
	Cash book balance at end of year	2 308 965	1 480 877
	Bank accounts consists out of the following accounts:		
	ABSA - Account number 40-5357-8397 (Current Account)		
	Bank statement balance at beginning of year	524 794	1 601 629
	Bank statement balance at end of year	642 736	524 794
	ABSA - Account number 40-7639-1003 (Traffic Account)		
	Bank statement balance at beginning of year	-	-
	Bank statement balance at end of year	-	-
	ABSA - Account number 40-7639-1273 (Service Account)		
	Bank statement balance at beginning of year	284 948	-
	Bank statement balance at end of year	1 088 060	284 948
	ABSA - Account number 40-7873-7035 (Elands Bay Fish Factory Account)		
	Bank statement balance at beginning of year	2 065	5 088
	Bank statement balance at end of year	-	2 065
	Standard Bank - Account number 082163324 (Eskom Guarantee Account)		
	Bank statement balance at beginning of year	20 502	-
	Bank statement balance at end of year	25 595	20 502
	Summary of all bank accounts		
	Bank statement balance at beginning of year	832 308	1 606 716
	Bank statement balance at end of year	1 756 390	832 308
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	ABSA - Acc no 9282399664	173 836	5 072 864

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Figures in Rand	2016	2015

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables		
Electricity	13 321 048	13 793 389
Water	19 733 123	17 134 017
Refuse	6 952 678	6 236 454
Sewerage	8 635 667	8 043 033
Loan Instalments	9 431	45 542
Other	2 530 251	3 783 839
Total Gross Balance	**51 182 198**	**49 036 275**
Less: Allowance for Debt Impairment	(23 023 325)	(20 896 557)
Total Net Receivable	**28 158 873**	**28 139 717**
As previously reported		30 228 519
Correction of error restatement - note 41.1		(2 088 802)
Restated balance		28 139 717

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	20 896 557	17 418 469
Movement in the contribution to the provision	14 358 034	3 478 088
Bad Debts Written off	(12 231 266)	-
Balance at the end of the year	**23 023 325**	**20 896 557**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2016			
Service Receivables			
Electricity	13 321 048	(3 257 795)	10 063 253
Water	19 733 123	(10 101 730)	9 631 392
Refuse	6 952 678	(3 776 988)	3 175 690
Sewerage	8 635 667	(4 871 314)	3 764 353
Loan Instalments	9 431	(5 763)	3 668
Other	2 530 251	(1 009 735)	1 520 516
Total	**51 182 198**	**(23 023 325)**	**28 158 873**
30 June 2015			
Service Receivables			
Electricity	13 793 389	(4 085 243)	9 708 146
Water	17 134 017	(8 663 623)	8 470 394
Refuse	6 236 454	(2 945 300)	3 291 155
Sewerage	8 043 033	(4 508 974)	3 534 058
Loan Instalments	45 542	(45 533)	9
Other	3 783 839	(647 884)	3 135 956
Total	**49 036 275**	**(20 896 557)**	**28 139 717**

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Figures in Rand	2016	2015
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Ageing of Receivables from Exchange Transactions		
Electricity		
Current (0 - 30 days)	6 520 511	5 782 345
Past Due (31 - 60 Days)	1 105 924	1 405 287
Past Due (61 - 90 Days)	492 952	609 338
Past Due (90 Days +)	5 201 662	5 996 419
Total	**13 321 048**	**13 793 389**
Water		
Current (0 - 30 days)	2 669 452	2 265 209
Past Due (31 - 60 Days)	1 249 315	1 212 116
Past Due (61 - 90 Days)	931 406	994 466
Past Due (90 Days +)	14 882 949	12 662 227
Total	**19 733 123**	**17 134 017**
Refuse		
Current (0 - 30 days)	590 502	605 507
Past Due (31 - 60 Days)	440 378	414 347
Past Due (61 - 90 Days)	353 334	339 183
Past Due (90 Days +)	5 568 464	4 877 417
Total	**6 952 678**	**6 236 454**
Sewerage		
Current (0 - 30 days)	747 317	716 389
Past Due (31 - 60 Days)	498 130	441 501
Past Due (61 - 90 Days)	373 473	330 725
Past Due (90 Days +)	7 016 747	6 554 417
Total	**8 635 667**	**8 043 033**
Loan Instalments		
Current (0 - 30 days)	58	389
Past Due (31 - 60 Days)	58	387
Past Due (61 - 90 Days)	57	385
Past Due (90 Days +)	9 258	44 380
Total	**9 431**	**45 542**
Other		
Current (0 - 30 days)	1 285 403	2 945 772
Past Due (31 - 60 Days)	94 349	90 668
Past Due (61 - 90 Days)	16 955	20 900
Past Due (90 Days +)	1 133 544	726 499
Total	**2 530 251**	**3 783 839**
Summary Ageing of all Receivables from Exchange Transactions		
Current (0 - 30 days)	11 813 244	12 315 612
Past Due (31 - 60 Days)	3 388 153	3 564 307
Past Due (61 - 90 Days)	2 168 177	2 294 998
Past Due (90 Days +)	33 812 624	30 861 359
Total	**51 182 198**	**49 036 275**

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Figures in Rand	2016	2015

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables		
Rates	20 605 605	21 485 566
Other Receivables	11 759 513	5 301 413
Unpaid Traffic Fines	10 742 467	4 451 394
Suspense Debtors	701 593	110 566
Deposits	315 453	315 453
Unpaid Government Grants	-	424 000
Total Gross Balance	**32 365 118**	**26 786 979**
Less: Allowance for Debt Impairment	(24 232 970)	(18 919 030)
Total Net Receivable	**8 132 148**	**7 867 949**
As previously reported		8 224 353
Correction of error restatement - note 41.2		(356 405)
Restated balance		7 867 949

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	18 919 030	15 934 371
Movement in the contribution to the provision	5 636 895	2 984 660
Bad Debts Written off	(322 956)	-
Balance at the end of the year	**24 232 970**	**18 919 030**

The Allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2016			
Service Receivables			
Rates	20 605 605	(13 811 744)	6 793 861
Other Receivables			
Unpaid Traffic Fines	10 742 467	(10 421 226)	321 241
Suspense Debtors	701 593	-	701 593
Deposits	315 453	-	315 453
Total	**32 365 118**	**(24 232 970)**	**8 132 148**
30 June 2015			
Service Receivables			
Rates	21 485 566	(14 890 018)	6 595 548
Other Receivables			
Unpaid Traffic Fines	4 451 394	(4 029 013)	422 381
Suspense Debtors	110 566	-	110 566
Deposits	315 453	-	315 453
Unpaid Government Grants	424 000	-	424 000
Total	**26 786 979**	**(18 919 030)**	**7 867 949**

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Figures in Rand		2016	2015
4	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)**		
	Ageing of Receivables from Non-Exchange Transactions		
	Rates		
	Current (0 - 30 days)	2 470 333	3 343 668
	Past Due (31 - 60 Days)	1 126 790	1 192 137
	Past Due (61 - 90 Days)	729 809	836 211
	Past Due (90 Days +)	16 278 672	16 113 551
	Total	**20 605 605**	**21 485 566**
5	**TAXES**		
	VAT Receivable/(Payable)	(1 089 695)	342 895
	VAT Input in Suspense	4 192 687	4 650 123
	VAT Output in Suspense - net	(3 117 982)	(3 716 686)
	VAT Output in Suspense	(5 483 914)	(5 733 230)
	Less: VAT on Allowance for Debt Impairment	2 365 932	2 016 544
	Total	**(14 990)**	**1 276 332**
	As previously reported		901 969
	Correction of error restatement - note 41.1		52 986
	Correction of error restatement - note 41.4		(10 384)
	Correction of error restatement - note 41.5		331 762
	Restated balance		1 276 332
	Reconciliation of VAT on Allowance for Debt Impairment		
	Balance at beginning of year	2 016 544	1 663 935
	Debt Impairment for current year	349 388	352 609
	Balance at the end of the year	**2 365 932**	**2 016 544**
6	**OPERATING LEASES**		
6.1	**OPERATING LEASE ASSETS**		
	Operating Lease Asset	**3 965**	**23 430**
	The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.		
	Reconciliation of Operating Lease Asset		
	Balance at the beginning of the year	23 430	45 125
	Movement during the year	(19 465)	(21 695)
	Balance at the end of the year	**3 965**	**23 430**
	The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
	Within 1 Year	138 584	131 920
	Between 1 and 5 Years	200 639	108 564
	After 5 Years	-	-
	Total operating lease payments	**339 223**	**240 484**
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased for periods ranging from 2015 until 2019. Escalation between 6 and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.		
	The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.		

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Figures in Rand	2016	2015

6 OPERATING LEASES (CONTINUED)

6.2 OPERATING LEASE LIABILITIES

Operating Lease Liability	**23 526**	**3 733**

The operating lease liability is derived from contracts where the Municipality acts as the lessee in the agreement.

Reconciliation of Operating Lease Liability

Balance at the beginning of the year	3 733	18 417
Movement during the year	19 793	(14 684)
Balance at the end of the year	**23 526**	**3 733**

The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	215 944	61 819
Between 1 and 5 Years	300 771	85 981
After 5 Years	50 254	73 941
Total operating lease payments	**566 969**	**221 740**

Operating leases consist out of the following leases:

- Lease of office space for a period of 36 months (ending June 2018) with an escalation of 8% per annum.
- Lease of a swimming pool for a period of 120 months (ending June 2023) with an escalation of 4% per annum.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

7 INVENTORY

Maintenance Materials - at cost	1 004 097	660 720
Water – at cost	109 078	100 402
Land held for sale	1 266 595	1 254 260
Total	**2 379 770**	**2 015 382**

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	-	-
Inventory recognised as an expense during the year	1 148 782	671 091

8 LONG-TERM RECEIVABLES

Electra Capital (Pty) Ltd	-	**1 020 145**

Electra Capital (Pty) Ltd was invoiced R5 292 000 (included VAT) during 2014/15 by the Municipality for a bulk infrastructure contribution levy. An agreement was entered into whereby Electra Capital (Pty) Ltd will repay the levy in five instalments, of which the last instalment is payable September 2016. The infrastructure contribution levy was for the Paleisheuwel solar panel project.

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Figures in Rand	2016	2015

9 INVESTMENT PROPERTY

Investment Property - Carrying Value	**75 001 847**	**74 821 446**
As previously reported		67 785 546
Correction of error restatement - note 41.3		7 035 900
Restated balance		74 821 446
The carrying value of Investment Property is reconciled as follows:		
Opening Carrying Value	**74 821 446**	**74 874 695**
Cost	75 193 930	75 193 930
Accumulated Depreciation	(372 484)	(319 235)
Additions	235 090	-
Depreciation for the year	(54 689)	(53 250)
Closing Carrying Value	**75 001 847**	**74 821 446**
Cost	75 429 020	75 193 930
Accumulated Depreciation	(427 173)	(372 484)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

No operating expenditure was incurred on Investment property during the 2015/16 and 2014/15 financial year.

10 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2016				
Land and Buildings	58 653 317	(11 707 443)	(47 688)	46 898 187
Infrastructure	592 344 060	(229 218 316)	-	363 125 743
Leased Assets	910 974	(479 272)	-	431 702
Community Assets	61 289 734	(2 882 379)	-	58 407 355
Other Assets	26 113 360	(10 647 984)	-	15 465 376
Total	**739 311 445**	**(254 935 394)**	**(47 688)**	**484 328 363**
30 June 2015				
Land and Buildings	59 158 146	(9 406 705)	(159 013)	49 592 429
Infrastructure	560 372 404	(218 865 934)	-	341 506 470
Leased Assets	943 149	(283 676)	-	659 473
Community Assets	53 243 439	(2 495 574)	-	50 747 865
Other Assets	25 152 988	(9 539 484)	-	15 613 504
Total	**698 870 126**	**(240 591 373)**	**(159 013)**	**458 119 741**
As previously reported				459 425 908
Correction of error restatement - note 41.4				(1 306 167)
Restated balance				458 119 741

The leased property, plant and equipment and the buildings are secured as set out in note 12.

The reconciliation of the carrying value of Property, Plant and Equipment is disclosed on the following page:

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
30 June 2016	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**59 158 146**	**545 076**	**(1 049 905)**	**-**	**-**	**58 653 317**	**9 565 718**	**2 300 738**	**(111 325)**	**-**	**11 755 130**	**46 898 187**
Land	18 116 881	-	-	-	-	18 116 881	-		-	-	-	18 116 881
Buildings	12 723 491	66 009	-	-	-	12 789 500	722 183	136 934	-	-	859 117	11 930 384
Capitalised Restoration Costs	28 317 774	479 067	(1 049 905)	-	-	27 746 936	8 843 535	2 163 804	(111 325)	-	10 896 014	16 850 922
Infrastructure	**560 372 404**	**33 316 413**	**(1 344 757)**	**-**	**-**	**592 344 060**	**218 865 934**	**11 063 565**	**-**	**(711 183)**	**229 218 316**	**363 125 744**
Roads, Pavements, Bridges & Storm Water	109 670 355	440 012	(354 054)	-	19 916 311	129 672 623	59 330 759	3 494 216	-	(162 440)	62 662 535	67 010 089
Water Network	122 171 015	320 863	(458 994)	-	-	122 032 884	58 144 255	3 001 528	-	(206 306)	60 939 477	61 093 408
Electricity Network	135 734 455	-	(484 470)	-	3 930 264	139 180 249	71 521 439	3 012 289	-	(330 415)	74 203 313	64 976 936
Sewerage Network	66 072 530	55 039	(47 238)	-	2 740 367	68 820 698	29 869 481	1 555 532	-	(12 021)	31 412 992	37 407 706
Work in Progress	126 724 049	32 500 499	-	-	(26 586 942)	132 637 606	-	-	-	-	-	132 637 606
Leased Assets	**943 149**	**-**	**(32 175)**	**-**	**-**	**910 974**	**283 676**	**217 118**	**-**	**(21 522)**	**479 272**	**431 702**
Office Equipment	943 149	-	(32 175)	-	-	910 974	283 676	217 118	-	(21 522)	479 272	431 702
Community Assets	**53 243 439**	**8 046 295**	**-**	**-**	**-**	**61 289 734**	**2 495 574**	**386 805**	**-**	**-**	**2 882 379**	**58 407 355**
Recreational Facilities	38 256 020	5 645 246	-	-	5 275 896	49 177 162	2 247 296	321 245	-	-	2 568 541	46 608 622
Parks & Gardens	580 618	29 500	-	-	-	610 118	4 709	2 374	-	-	7 084	603 034
Community Halls	1 650 927	-	-	-	-	1 650 927	20 425	6 757	-	-	27 181	1 623 746
Libraries	5 261 034	2 371 549	-	-	-	7 632 583	173 569	44 542	-	-	218 111	7 414 472
Cemeteries	428 079	-	-	-	-	428 079	10 715	6 332	-	-	17 047	411 032
Museums and Art Galleries	655 500	-	-	-	-	655 500	38 859	5 555	-	-	44 415	611 085
Work in Progress	6 411 260	-	-	-	(5 275 896)	1 135 364	-	-	-	-	-	1 135 364
Other Assets	**25 152 988**	**2 345 199**	**(1 384 827)**	**-**	**-**	**26 113 360**	**9 539 484**	**1 750 273**	**-**	**(641 772)**	**10 647 984**	**15 465 376**
Computer Equipment	1 738 282	265 753	(250 639)	-	-	1 753 396	874 113	202 057	-	(158 278)	917 893	835 503
Motor Vehicles	12 015 519	1 227 505	(842 483)	-	-	12 400 541	4 101 558	695 587	-	(314 255)	4 482 890	7 917 651
Office Equipment	4 710 058	325 855	(125 147)	-	-	4 910 767	2 033 405	351 944	-	(71 566)	2 313 783	2 596 983
Plant & Equipment	5 266 394	526 086	(166 559)	-	-	5 625 920	2 002 086	425 100	-	(97 674)	2 329 513	3 296 408
Specialised Vehicles	1 422 735	-	-	-	-	1 422 735	528 321	75 584	-	-	603 905	818 830
	698 870 126	**44 252 983**	**(3 811 664)**	**-**	**-**	**739 311 445**	**240 750 386**	**15 718 498**	**(111 325)**	**(1 374 477)**	**254 983 082**	**484 328 363**

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
30 June 2015	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**39 385 775**	**19 772 372**	**-**	**-**	**-**	**59 158 146**	**9 074 408**	**537 387**	**(46 078)**	**-**	**9 565 718**	**49 592 429**
Land	18 116 881	-	-	-	-	18 116 881	-	-	-	-	-	18 116 881
Buildings	10 598 256	2 125 234	-	-	-	12 723 491	607 767	114 416	-	-	722 183	12 001 308
Capitalised Restoration Costs	10 670 637	17 647 137	-	-	-	28 317 774	8 466 642	422 971	(46 078)	-	8 843 535	19 474 240
Infrastructure	**530 234 977**	**23 311 027**	**(2 007 576)**	**8 833 977**	**-**	**560 372 404**	**209 542 388**	**10 349 687**	**-**	**(1 026 141)**	**218 865 934**	**341 506 470**
Roads, Pavements, Bridges & Storm Water	109 670 355	-	-	-	-	109 670 355	56 297 928	3 032 831	-	-	59 330 759	50 339 596
Water Network	121 551 574	393 843	(443 768)	155 794	513 572	122 171 015	55 386 888	2 983 085	-	(225 718)	58 144 255	64 026 761
Electricity Network	130 781 932	-	(856 644)	-	5 809 167	135 734 455	69 169 094	2 865 524	-	(513 178)	71 521 439	64 213 016
Sewerage Network	65 151 759	255 165	(707 164)	104 938	1 267 832	66 072 530	28 688 478	1 468 247	-	(287 244)	29 869 481	36 203 048
Work in progress	103 079 357	22 662 019	-	8 573 245	(7 590 572)	126 724 049	-	-	-	-	-	126 724 049
Leased Assets	**971 883**	**378 210**	**(406 944)**	**-**	**-**	**943 149**	**318 143**	**222 827**		**(257 294)**	**283 676**	**659 473**
Office Equipment	971 883	378 210	(406 944)	-	-	943 149	318 143	222 827	-	(257 294)	283 676	659 473
Community Assets	**46 779 978**	**6 463 461**	**-**	**-**	**-**	**53 243 439**	**2 164 402**	**331 172**	**-**	**-**	**2 495 574**	**50 747 865**
Recreational Facilities	34 781 249	81 926	-	-	3 392 845	38 256 020	1 961 318	285 978	-	-	2 247 296	36 008 724
Parks & Gardens	560 038	20 580	-	-	-	580 618	2 889	1 821	-	-	4 709	575 908
Community Halls	1 345 700	305 227	-	-	-	1 650 927	15 937	4 487	-	-	20 425	1 630 503
Libraries	3 506 648	1 754 386	-	-	-	5 261 034	146 571	26 998	-	-	173 569	5 087 465
Cemeteries	428 079	-	-	-	-	428 079	4 383	6 332	-	-	10 715	417 364
Museums and Art Galleries	655 500	-	-	-	-	655 500	33 304	5 555	-	-	38 859	616 641
Work in progress	5 502 763	4 301 342	-	-	(3 392 845)	6 411 260	-	-	-	-	-	6 411 260
Other Assets	**27 171 265**	**785 768**	**(2 804 045)**	**-**	**-**	**25 152 988**	**9 158 219**	**1 831 718**	**-**	**(1 450 453)**	**9 539 484**	**15 613 504**
Computer Equipment	1 962 946	122 904	(347 567)	-	-	1 738 282	875 708	218 174	-	(219 769)	874 113	864 169
Motor Vehicles	13 581 073	144 132	(1 709 686)	-	-	12 015 519	4 151 905	738 136	-	(788 483)	4 101 558	7 913 961
Office Equipment	4 716 115	400 368	(406 426)	-	-	4 710 058	1 917 119	366 003	-	(249 717)	2 033 405	2 676 653
Plant & Equipment	5 488 396	118 364	(340 366)	-	-	5 266 394	1 740 948	453 623	-	(192 484)	2 002 086	3 264 308
Specialised Vehicles	1 422 735	-	-	-	-	1 422 735	472 539	55 782	-	-	528 321	894 414
	644 543 878	**50 710 837**	**(5 218 565)**	**8 833 977**	**-**	**698 870 126**	**230 257 561**	**13 272 791**	**(46 078)**	**(2 733 888)**	**240 750 386**	**458 119 740**

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Figures in Rand	2016	2015

11 INTANGIBLE ASSETS

Intangible Assets - Carrying Value	**148 674**	**206 327**

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value	**206 327**	**239 807**
Cost	408 028	396 463
Accumulated Depreciation	(201 701)	(156 656)
Additions	7 495	23 163
Amortisation	(49 859)	(49 929)
Disposal	(15 289)	(6 713)
Cost	(19 364)	(11 597)
Accumulated Depreciation	4 075	4 885
Closing Carrying Value	**148 674**	**206 327**
Cost	396 159	408 028
Accumulated Depreciation	(247 485)	(201 701)

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

12 LONG-TERM LIABILITIES

Annuity Loans	22 355 966	22 029 315
Finance Lease Liabilities	298 345	559 661
Sub-Total	**22 654 311**	**22 588 976**
Less: Current portion of Long-term Liabilities	**2 480 523**	**3 895 819**
Annuity Loans	2 248 455	3 634 503
Finance Lease Liabilities	232 068	261 316
Total	**20 173 788**	**18 693 157**

Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
ABSA (30-1738-1864)	9.53%	31 Mar 2016	-	1 794 372
ABSA (038-723-0991)	9.84%	30 Sep 2018	1 306 469	1 766 275
ABSA (038-723-0992)	9.84%	1 April 2025	2 814 802	3 000 000
ABSA (038-723-0993)	10.43%	17 June 2025	4 701 136	5 000 000
ABSA (038-723-0994)	10.45%	17 Nov 2025	1 957 472	-
ABSA (038-723-0995)	10.45%	17 Aug 2028	2 000 000	-
Standard Bank (03-263-793-4)	10.36%	31 Mar 2023	9 576 087	10 468 668
Total			**22 355 966**	**22 029 315**

All annuity loans are unsecured.

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Figures in Rand	2016	2015

12 LONG-TERM LIABILITIES (CONTINUED)

Annuity Loans

Annuity loans are payable as follows:

Payable within one year	4 513 824	5 706 473
Payable within two to five years	16 674 832	14 549 738
Payable after five years	12 368 154	12 390 135
Total amount payable	**33 556 810**	**32 646 347**
Less: Outstanding Future Finance Charges	(11 200 845)	(10 617 032)
Present value of annuity loans	**22 355 966**	**22 029 315**

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Description	Maturity Date	Carrying Value of Liability	
Printer Xerox WC 7835 - Serial 3912323160	Febr 2017	12 270	31 380
Printer Xerox WC 7835 - Serial 3912320013	Febr 2017	12 270	31 380
Printer Xerox WC 7835 - Serial 3912322806	Febr 2017	12 270	31 380
Printer Xerox WC 5855 - Serial 3660183395	Febr 2017	11 916	31 833
Printer Xerox WC 533ST - Serial 3322831080	Febr 2017	8 452	21 662
Printer Xerox CQ 9303 - Serial 3661918771	Febr 2017	35 707	91 495
Printer MPC2003SP - Serial E204R762594	Nov 2017	17 867	27 874
Printer MPC2003SP - Serial E204R762687	Nov 2017	17 867	27 874
Printer MPC2003SP - Serial E204R762702	Nov 2017	17 867	27 874
Printer MPC2003SP - Serial E204R762738	Nov 2017	17 867	27 874
Printer MPC2003SP - Serial E204R860570	Nov 2017	17 867	27 874
Printer MPC2003SP - Serial E204R860571	Nov 2017	17 867	27 874
Printer MPC2003SP - Serial E204R860574	Nov 2017	17 867	27 874
Printer MPC2003SP - Serial E204R862788	Nov 2017	17 867	27 874
Printer MPC2003SP - Serial E204R862862	Nov 2017	17 867	27 874
Printer MP2501SP - Serial E334M520642	Nov 2017	8 932	13 933
Printer MP2501SP - Serial E334M520643	Nov 2017	8 932	13 933
Printer MP2501SP - Serial E334M421068	Nov 2017	8 932	13 933
Printer MP2501SP - Serial E334M421078	Nov 2017	8 932	13 933
Printer MP2501SP - Serial E334M421106	Nov 2017	8 932	13 933
Total		**298 345**	**559 661**

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 10.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

Payable within one year	260 432	329 208
Payable within two to five years	68 395	328 827
Payable after five years	-	-
Total amount payable	**328 827**	**658 035**
Less: Outstanding Future Finance Charges	(30 482)	(98 374)
Present value of finance lease liabilities	**298 345**	**559 661**

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Figures in Rand		2016	2015
13	**CONSUMER DEPOSITS**		
	Water and Electricity Deposits	**1 662 487**	**1 549 522**
	The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.		
14	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	41 469 913	43 909 472
	Retentions	5 727 993	4 239 582
	Payments received in advance	1 611 275	1 475 126
	Pre-paid Electricity	448 467	389 967
	Sundry Creditors	3 460 143	1 855 920
	Sundry Deposits	362 761	358 341
	Accrued Interest	384 136	388 123
	Unknown Receipts	94 909	150 006
	Total	**53 559 597**	**52 766 538**
	As previously reported		52 964 110
	Correction of error restatement - note 41.4		(84 558)
	Correction of error restatement - note 41.5		(113 015)
	Restated balance		52 766 538
	Payables are being recognised net of any discounts received.		
	The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary		
	The carrying value of trade and other payables approximates its fair value.		
	Sundry deposits include hall, builders and housing Deposits.		
	Deposits amounting to R315 453 serve as security for Payables. The remainder of Payables are unsecured.		
15	**UNSPENT CONDITIONAL GOVERNMENT GRANTS**		
	National Government	1 224 044	915 048
	Provincial Government	1 190 292	1 585 980
	Total	**2 414 336**	**2 501 028**
	Detail reconciliations of all grants received and grant conditions met are included in note 23. Unspent grant balances are recognised to the extent that conditions are not yet met.		
	No grants were withheld in the current year.		
	Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.		
16	**UNSPENT PUBLIC CONTRIBUTIONS**		
	Lotto Funds - Sport Facilities (Elands Bay)	-	**2 409**
	Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.		

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Figures in Rand	2016	2015

17 CURRENT EMPLOYEE BENEFITS

Bonuses	2 062 848	2 003 371
Staff Leave	4 288 257	4 184 799
Current portion of Non-Current Employee Benefits - note 18	950 491	768 105
Post Retirement Medical Benefits	593 412	602 184
Long Service Awards	357 079	165 921
Total	**7 301 596**	**6 956 275**

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	2 003 371	1 893 443
Contribution during the year	3 636 226	3 623 897
Payments made	(3 576 749)	(3 513 970)
Balance at the end of the year	**2 062 848**	**2 003 371**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

Staff Leave

Opening Balance	4 184 799	3 963 928
Contribution during the year	457 693	585 055
Payments made	(354 235)	(364 184)
Balance at the end of the year	**4 288 257**	**4 184 799**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

18 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	25 062 356	24 331 989
Long Service Awards	3 312 522	3 079 891
Sub-Total	**28 374 878**	**27 411 880**
Less: Current portion of Employee Benefits	**950 491**	**768 105**
Post Retirement Medical Benefits	593 412	602 184
Long Service Awards	357 079	165 921
Total	**27 424 387**	**26 643 775**

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Figures in Rand	2016	2015

18 EMPLOYEE BENEFITS (CONTINUED)

18.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	24 331 989	21 882 182
Contribution during the year	4 093 518	3 617 382
Current Service Cost	1 925 280	1 651 861
Interest Cost	2 168 238	1 965 521
Payments made	(602 870)	(594 528)
Actuarial Loss/(Gain)	(2 760 281)	(573 047)
Total balance at year-end	25 062 356	24 331 989
Less: Current portion	(593 412)	(602 184)
Total	**24 468 944**	**23 729 805**

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	116	125
In-service non-members	182	169
Continuation members	19	20
Total	**317**	**314**

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	**In-Service Members R**	**In-Service non-Members R**	**Continuation Members R**	**Total unfunded Liability R**
30 June 2016	13 926 711	3 461 389	7 674 256	**25 062 356**
30 June 2015	13 348 423	3 161 645	7 821 921	**24 331 989**
30 June 2014	9 446 832	4 162 874	8 272 476	**21 882 182**
30 June 2013	6 913 999	3 590 225	6 828 729	**17 332 953**
30 June 2012	5 430 224	2 975 000	8 783 778	**17 189 002**

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:	**Liabilities (Gain) / Loss R**	**Assets Gain / (Loss) R**
30 June 2016	(743 000)	-
30 June 2015	397 000	-
30 June 2014	1 380 000	-
30 June 2013	(1 497 000)	-
30 June 2012	2 052 000	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

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Figures in Rand	2016	2015

18 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	9.47%	9.02%
Health Care Cost Inflation Rate	8.51%	8.12%
Net Effective Discount Rate	0.89%	0.84%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal Retirement Age

It has been assumed that in-service members will retire at age 61, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Last Valuation

The last valuation was performed on 18 July 2016.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	17 388 100	7 674 256	25 062 356	
Health care inflation (+ 1%)	19 348 000	8 044 000	27 392 000	9%
Health care inflation (- 1%)	15 157 000	7 247 000	22 404 000	-11%
Discount rate (+ 1%)	14 491 000	7 040 000	21 531 000	-14%
Discount rate (- 1%)	21 120 000	8 413 000	29 533 000	18%
Post-retirement mortality (- 1 year)	17 917 000	7 963 000	25 880 000	3%
Average retirement age (- 1 year)	18 308 000	7 674 000	25 982 000	4%
Continuation of membership after retirement (- 10%)	14 892 000	7 674 000	22 566 000	-10%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2016/17	1 861 100	2 346 300	4 207 400	
Health care inflation (+ 1%)	2 071 600	2 566 900	4 638 500	10%
Health care inflation (- 1%)	1 610 600	2 094 500	3 705 100	-12%
Discount rate (+ 1%)	1 541 500	2 224 300	3 765 800	-10%
Discount rate (- 1%)	2 274 500	2 477 200	4 751 700	13%
Post-retirement mortality (- 1 year)	1 916 300	2 423 700	4 340 000	3%
Average retirement age (- 1 year)	1 908 200	2 433 400	4 341 600	3%
Continuation of membership after retirement (- 10%)	1 590 200	2 109 900	3 700 100	-12%

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Figures in Rand	2016	2015

18 EMPLOYEE BENEFITS (CONTINUED)

18.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	3 079 891	2 723 873
Contribution during the year	563 744	463 410
Current Service Cost	318 173	251 592
Interest Cost	245 571	211 818
Payments made	(152 202)	(263 235)
Actuarial Loss/(Gain)	(178 911)	155 843
Total balance at year-end	**3 312 522**	3 079 891
Less: Current portion	(357 079)	(165 921)
Total	**2 955 443**	**2 913 970**

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards	298	294

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	**Unfunded Liability R**
30 June 2016	3 312 522
30 June 2015	3 079 891
30 June 2014	2 723 873
30 June 2013	2 463 785
30 June 2012	2 182 435

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:	**Liabilities (Gain) / Loss R**	**Assets Gain / (Loss) R**
30 June 2016	(80 347)	-
30 June 2015	169 257	-
30 June 2014	86 455	-
30 June 2013	23 087	-
30 June 2012	34 296	-

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Figures In Rand	2016	2015

18 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	8.61%	8.19%
General Salary Inflation (long-term)	7.27%	7.18%
Net Effective Discount Rate applied to salary-related Long Service Awards	1.26%	0.94%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Last Valuation

The last valuation was performed on 18 July 2016.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation (+ 1%)	3 312 522	3 554 000	7%
General salary inflation (- 1%)	3 312 522	3 096 000	-7%
Discount rate (+ 1%)	3 312 522	3 086 000	-7%
Discount rate (- 1%)	3 312 522	3 570 000	8%
Average retirement age (- 2 years)	3 312 522	2 810 000	-15%
Average retirement age (+ 2 years)	3 312 522	3 752 000	13%
Withdrawal rates (- 50%)	3 312 522	4 064 000	23%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2016/17	325 000	270 300	595 300	
General salary inflation (+ 1%)	354 000	291 000	645 000	8%
General salary inflation (- 1%)	299 200	251 600	550 800	7%
Discount rate (+ 1%)	301 000	279 900	580 900	-2%
Discount rate (- 1%)	352 400	258 400	610 800	3%
Average retirement age (- 2 years)	279 600	227 000	506 600	-15%
Average retirement age (+ 2 years)	371 700	308 100	679 800	14%
Withdrawal rates (- 50%)	435 100	335 000	770 100	29%

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Figures in Rand	2016	2015

18 EMPLOYEE BENEFITS (CONTINUED)

18.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

Cape Joint Pension Fund The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in an sound financial position with a funding level of 153.1% (30 June 2014 - 101.7%).	83 907	91 003
Cape Retirement Fund The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2014 - 99.9%).	5 678 480	5 800 199
Total	**5 762 387**	**5 891 202**

Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

National Funds for Municipal Workers	436 019	414 067
SAMWU National Provident Fund	1 009 430	1 019 085
Total	**1 445 448**	**1 433 152**

The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

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Figures in Rand	2016	2015

19 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	**40 044 861**	**38 339 985**

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	38 339 985	19 662 838
Contribution during the year	1 704 876	18 677 147
Increase/(Decrease) in estimate	(570 838)	17 647 137
Interest Cost	2 275 714	1 030 010
Total	**40 044 861**	**38 339 985**

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions	Estimated Decommission Date	Cost of Rehabilitation	Cost of Rehabilitation
Clanwilliam	24 725m²	2024	11 123 008	11 021 230
Lambert's Bay	19 341m²	2024	10 188 275	9 467 967
Citrusdal	28 500m²	2024	12 994 655	12 736 189
Graafwater	3 000m²	2024	2 678 191	2 477 423
Elands Bay	3 300m²	2024	3 060 732	2 637 177
Total			**40 044 861**	**38 339 985**

A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

20 RESERVES

Capital Replacement Reserve	-	4 000 000
Total	**-**	**4 000 000**

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Figures in Rand		2016	2015
21	**PROPERTY RATES**		
	Rateable Land and Buildings	49 489 673	46 301 550
	Less: Rebates	(18 042 212)	(16 379 201)
	Total	**31 447 461**	**29 922 349**
	As previously reported		30 035 400
	Correction of error restatement - note 41.2		(113 051)
	Restated balance		29 922 349
	Property rate levied are based on the following rateable valuations:		
	Residential	2 232 343 888	2 228 517 288
	Business and Agricultural	1 913 965 978	1 949 975 078
	State-owned	96 865 700	97 106 100
	Total Valuation	4 243 175 566	4 275 598 466
	Rate that is applicable to the valuations above:		
	Residential	1.223c/R	1.148c/R
	Business and Agricultural	1.240c/R	1.148c/R
	State-owned	1.252c/R	1.148c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

22	**OTHER TAXES**		
	Refuse Removal Infrastructure Levy	1 546 560	1 376 960
	Sanitation Infrastructure Levy	1 024 054	1 095 285
	Water Infrastructure Levy	6 731 684	6 173 803
	Total	**9 302 298**	**8 646 048**

The infrastructure levy is a fixed levy on residential and commercial property. This levy is used for maintaining and extending infrastructure.

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Figures in Rand	2016	2015
23 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	**34 234 611**	**30 797 078**
Equitable Share	34 234 611	30 797 078
Conditional Grants - National Government	**44 041 666**	**33 464 923**
Municipal Infrastructure Grant (MIG)	15 280 000	14 917 000
Municipal Systems Improvement Grant (MSIG)	930 000	934 000
Financial Management Grant (FMG)	1 450 000	1 450 000
Integrated National Electrification Programme (INEP)	3 000 000	2 353 483
Expanded Public Works Program (EPWP)	1 007 000	1 328 000
Regional Bulk Infrastructure Grant (RBIG)	19 614 366	9 385 876
Other National Allocations	2 760 299	3 096 563
Conditional Grants - Provincial Government	**35 307 202**	**31 810 195**
Human Settlement Development Grant	336 185	5 730 611
Library Services MRF	3 490 905	3 270 095
Marine Living Resources Fund	26 472 238	18 824 021
Financial Management Support Grant	826 101	274 983
Other Provincial Allocations	4 181 773	3 710 485
Total	**113 583 479**	**96 072 195**
As previously reported		95 648 195
Correction of error restatement - note 41.2		424 000
Restated balance		**96 072 195**
Disclosed as:		
Government Grants and Subsidies - Operating	71 338 080	60 900 952
Government Grants and Subsidies - Capital	42 245 398	35 171 243
Total	**113 583 479**	**96 072 195**
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	34 234 611	30 797 078
Office of the Municipal Manager	525 000	287 719
Financial Services	2 276 101	1 525 418
Community Development Services	37 188 912	28 451 966
Corporate and Strategic Services	973 686	1 149 272
Engineering and Planning Services	38 385 169	33 860 742
Total	**113 583 479**	**96 072 195**

The movements per grant can be summarised as follows:

23.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received	34 234 611	30 797 078
Transferred to Revenue - Operating	(34 234 611)	(30 797 078)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

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Figures in Rand	2016	2015

23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

23.02 Financial Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received	1 450 000	1 450 000
Transferred to Revenue - Operating	(1 450 000)	(1 450 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship

23.03 Municipal Systems Improvement Grant (MSIG)

Opening Unspent Balance	-	-
Grants Received	930 000	934 000
Transferred to Revenue - Operating	(794 657)	(603 803)
Transferred to Revenue - Capital	(135 343)	(330 197)
Other Movements	-	-
Closing Unspent Balance	135 343	-

The MSIG is a conditional grant used to build in-house capacity to perform municipal functions and stabilise institutional and governance systems.

23.04 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	-	-
Grants Received	15 280 000	14 917 000
Transferred to Revenue - Operating	(1 143 970)	(746 521)
Transferred to Revenue - Capital	(14 136 030)	(14 170 479)
Other Movements	-	-
Closing Unspent Balance	-	-

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

23.05 Human Settlement Development Grant

Opening Unspent Balance	-	-
Grants Received	393 963	5 692 245
Transferred to Revenue - Operating	(336 185)	(1 071 219)
Transferred to Revenue - Capital	-	(4 659 392)
Other Movements	(38 366)	38 366
Closing Unspent Balance	57 778	-

Housing grants was utilised for the development of erven and the erection of top structures.

23.06 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	11 611	1 365 094
Grants Received	2 988 389	1 000 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(3 000 000)	(2 353 483)
Other Movements	-	-
Closing Unspent Balance	-	11 611

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

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Figures in Rand	2016	2015

23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

23.07 Expanded Public Works Program (EPWP)

Opening Unspent Balance	-	-
Grants Received	1 007 000	1 328 000
Transferred to Revenue - Operating	(1 007 000)	(1 328 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

23.08 Regional Bulk Infrastructure Grant (RBIG)

Opening Unspent Balance	-	-
Grants received	20 000 000	9 000 242
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(19 614 366)	(9 385 876)
Other Movements	(385 634)	385 634
Closing Unspent Balance	385 634	-

The Regional Bulk Infrastructure Grant is used for the upgrade water infrastructure.

23.09 Other National Allocations

Opening Unspent Balance	903 437	-
Grants received	3 080 906	4 000 000
Transferred to Revenue - Operating	(80 906)	(1 000 000)
Transferred to Revenue - Capital	(2 679 393)	(2 096 563)
Other Movements	-	-
Closing Unspent Balance	1 224 044	903 437

Other National Allocations include grants such as:

Department of Rural Affairs National
Neighbourhood Development Partnership
WSOG - ACIP
WSOG - O&M

23.10 Library Services MRF

Opening Unspent Balance	14 905	-
Grants Received	3 476 000	3 285 000
Transferred to Revenue - Operating	(3 470 639)	(3 253 844)
Transferred to Revenue - Capital	(20 266)	(16 251)
Other Movements	-	-
Closing Unspent Balance	-	14 905

The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.

23.11 Marine Living Resources Fund

Opening Unspent Balance	-	-
Grants Received	26 472 238	18 824 021
Transferred to Revenue - Operating	(26 472 238)	(18 824 021)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

Marine Living Resource Fund is used for the Elands Bay fishing infrastructure implementation plan.

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Figures in Rand	2016	2015

23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

23.12 Financial Management Support Grant

Opening Unspent Balance	593 493	118 476
Grants Received	1 312 500	750 000
Transferred to Revenue - Operating	(826 101)	(274 983)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	1 079 892	593 493

The Financial Management Grant is paid by Provincial Treasury to municipalities to help implement revenue enhancement.

23.13 Other Provincial Allocations

Opening Unspent Balance	977 582	390 607
Grants Received	3 409 000	4 297 461
Transferred to Revenue - Operating	(1 521 773)	(1 551 484)
Transferred to Revenue - Capital	(2 660 000)	(2 159 002)
Other Movements	(113 821)	-
Closing Unspent Balance	204 809	977 582

Other National Allocations include grants such as:

- LED Grant
- Spacial Development Framework
- Library Services
- CDW Support
- Housing Consumer Education
- Road Maintenance
- Development of Sport and Recreational Facilities
- Mobility Strategies Grant
- Master Planning Grant
- Municipal Infrastructure Support Grant
- Disaster Management Grant
- Compliance Management System Grant
- FMSG West Coast DM
- Implementation Bulk SMS System
- Municipal Capacity Building Grant

23.14 Total Grants

Opening Unspent Balance	2 501 028	1 874 177
Grants Received	114 034 607	96 275 046
Transferred to Revenue - Operating	(71 338 080)	(60 900 952)
Transferred to Revenue - Capital	(42 245 398)	(35 171 243)
Other Movements	(537 821)	424 000
Closing Unspent Balance	**2 414 335**	**2 501 028**

24 PUBLIC CONTRIBUTIONS AND DONATIONS

Mayoral Golf Day	**12 500**	-

Individuals and suppliers made cash contributions towards the mayoral golf day.

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Figures in Rand		2016	2015
25	**FINES**		
	Traffic Fines	8 664 649	3 006 400
	Library Fines	15 419	13 614
	Meter tampering fines	9 312	9 717
	Total	**8 689 380**	**3 029 731**
	In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
26	**TRANSFER OF ASSETS**		
	Property, Plant and Equipment received from the Department of Housing	-	**8 573 245**
27	**ACTUARIAL GAINS**		
	Post Retirement Medical Benefits	2 760 281	573 047
	Long Service Awards	178 911	(155 843)
	Total	**2 939 192**	**417 204**
28	**REVERSAL OF IMPAIRMENTS**		
	Property, Plant and Equipment	**111 325**	**46 078**
	The impairments relate to the capitalised restoration costs. The impairment was caused by the change in the discount rate which is linked to the prime rate.		
29	**SERVICE CHARGES**		
	Electricity	69 807 717	65 172 794
	Water	16 701 625	14 682 467
	Refuse Removal	5 588 313	5 274 048
	Sewerage and Sanitation	10 103 119	8 730 434
	Total Revenue	**102 200 774**	**93 859 743**
	Less: Rebates	(4 325 114)	(4 143 735)
	Electricity	(18 598)	(67 096)
	Water	(783 386)	(603 226)
	Refuse Removal	(378 720)	(353 550)
	Sewerage and Sanitation	(3 144 410)	(3 119 863)
	Total	**97 875 660**	**89 716 008**
	As previously reported		89 920 271
	Correction of error restatement - note 41.1		(204 263)
	Restated balance		89 716 008
	Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		

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Figures in Rand		2016	2015
30	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Resort and camping fees	2 638 378	2 893 098
	Other rentals	613 885	401 223
	Total	**3 252 262**	**3 294 321**
	As previously reported		3 249 742
	Correction of error restatement - note 41.1		44 578
	Restated balance		3 294 321
	Other rentals include the rental of halls, sports facilities, hawkers stands, buildings, slipways and other diverse items.		
31	**LICENCES AND PERMITS**		
	Drivers Licence Applications	204 211	183 357
	Drivers Licences Issued	248 372	260 000
	Duplicate Registration Certificates	49 500	46 002
	Keeping of Registration Number	13 544	12 190
	Learner Licence Applications	93 645	101 583
	Learner Licences Issued	23 220	26 292
	Professional Drivers Permit Applications	59 347	59 720
	Professional Drivers Permits Issued	25 814	22 468
	Roadworthy Certificate Applications	209 709	202 520
	Roadworthy Certificates Issued	43 337	40 729
	Temporary and special permits	16 794	15 684
	Total	**987 493**	**970 546**
32	**OTHER INCOME**		
	Building Plan Fees	612 995	459 422
	Cemetery Fees	87 065	83 749
	Commission Received	36 043	29 782
	Connection Fees	189 258	158 603
	Copies and Faxes	23 109	20 365
	Infrastructure contributions for developments	173 813	4 509 713
	Prescribed Debt	735 795	108 803
	Profit with sale of land held for sale	34 067	357 746
	Rates clearance certificates	32 865	28 845
	Re-connection Fees	9 665	24 651
	Recoveries	1 059 952	180 268
	SETA Recoveries	126 973	57 671
	Settlement Discounts	98 886	117 413
	Tender Documents	66 322	58 905
	Valuation Certificates	21 698	18 215
	Sundry Income	175 509	73 354
	Total	**3 484 015**	**6 287 507**
	As previously reported		6 318 209
	Correction of error restatement - note 41.5		(30 702)
	Restated balance		6 287 507
	Infrastructure contributions for developments decreased in comparison to 2014/15 due to Electra Capital (Pty) Ltd being invoiced R5 292 000 (included VAT) during 2014/15.		
	Sundry income represents sundry income such as sale of sundry items (wood, sand and stones) and fees for items not included under service charges		

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Figures in Rand		2016	2015
33	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	46 798 686	43 691 389
	Pension and UIF Contributions	7 667 445	7 407 549
	Medical Aid Contributions	2 709 645	2 495 016
	Overtime	3 249 747	3 054 944
	Motor Vehicle Allowance	4 026 163	3 723 225
	Housing Allowances	861 836	356 593
	Other benefits and allowances	4 165 731	3 779 517
	Bargaining Council Levy	26 376	25 248
	Group Life Insurance	918 943	889 058
	Scares Skill Allowance	270 785	20 555
	Skills Development Levy	611 648	568 053
	Standby Allowance	2 337 980	2 276 603
	Contributions to Employee Benefits	6 337 372	6 112 406
	Bonuses	3 636 226	3 623 897
	Staff Leave	457 693	585 055
	Long Service Awards	318 173	251 592
	Post Retirement Medical Benefits	1 925 280	1 651 861
	Workmen's Compensation	408 601	357 764
	Severance Packages	2 004 715	-
	Total	**78 229 940**	**70 978 404**
	Remuneration of Management Personnel		
	The Municipal Manager and Directors are appointed on a 5-year fixed contract.		
	Municipal Manager - GF Matthyse (appointed January 2016)		
	Annual Remuneration	513 876	-
	Performance Bonus / 13th Cheque	-	-
	Car Allowance	330 000	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	19 886	-
	Total	863 762	-
	Municipal Manager - I.B.R Kenned (terminated July 2015)		
	Annual Remuneration	92 894	1 127 573
	Performance Bonus / 13th Cheque	-	118 981
	Car Allowance	10 000	120 000
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	17 191	195 636
	Severance Package	1 884 715	-
	Total	2 004 799	1 562 190
	Director: Engineering Services - P Majeni		
	Annual Remuneration	654 725	654 725
	Performance Bonus / 13th Cheque	80 446	80 446
	Housing Allowance	72 000	72 000
	Car Allowance	120 780	120 780
	Cellphone Allowance	2 700	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	128 263	128 263
	Total	1 058 915	1 056 215

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Figures in Rand	2016	2015

33 EMPLOYEE RELATED COSTS (CONTINUED)

Director: Corporate Services - W.G.D October (terminated November 2014)

Annual Remuneration	-	378 225
Performance Bonus / 13th Cheque	-	53 631
Car Allowance	-	12 500
Leave paid	-	186 093
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	34 839
Total	-	665 288

Director: Community Services - J France

Annual Remuneration	716 403	716 403
Performance Bonus / 13th Cheque	80 446	80 446
Car Allowance	120 000	120 000
Cellphone Allowance	2 700	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	139 210	139 210
Total	1 058 759	1 056 059

Director: Finance - E Alfred

Annual Remuneration	504 000	649 466
Performance Bonus / 13th Cheque	80 446	80 446
Car Allowance	196 420	198 000
Housing Allowance	145 190	-
Acting Allowance	114 722	-
Cellphone Allowance	2 700	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	128 699	128 699
Total	1 172 177	1 056 611

34 REMUNERATION OF COUNCILLORS

Executive Mayor	709 888	679 108
Deputy Mayor	576 136	542 396
Speaker	587 956	544 021
Mayoral Committee Members	1 255 108	1 007 487
Councillors	1 198 741	1 534 353
Total	**4 327 829**	**4 307 365**

The positions of Executive Mayor, Deputy Mayor and Speaker were filled as follow:

Executive Mayor
- L Scheepers (20 August 2013 to 16 July 2015)
- JJ Muller (16 July 2015 to 14 July 2016)

Deputy Mayor
- C September (appointed 20 August 2013)

Speaker
- JJ Muller (1 July 2015 - 15 July 2015)
- D Smith (appointed 16 July 2015)

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee member serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties

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Figures in Rand	2016	2015
35 DEBT IMPAIRMENT		
Receivables from Exchange Transactions	14 358 034	3 478 088
Receivables from Non-Exchange Transactions	5 636 895	2 984 660
Total Debt Impairment	**19 994 928**	**6 462 748**
Movement in VAT included in debt impairment	(349 388)	(352 609)
Total	**19 645 541**	**6 110 139**
36 DEPRECIATION AND AMORTISATION		
Investment Property	54 689	53 250
Property, Plant and Equipment	15 718 498	13 272 791
Intangible Assets	49 859	49 929
Total	**15 823 046**	**13 375 970**
As previously reported		13 368 833
Correction of error restatement - note 41.4		7 138
Restated balance		13 375 970
37 FINANCE CHARGES		
Cash	5 278 468	3 125 631
Eskom Holdings Limited	2 559 011	1 354 626
Long-term Liabilities	2 292 549	1 771 006
Other	426 908	-
Non-cash	4 689 523	3 207 349
Post Retirement Medical Benefits	2 168 238	1 965 521
Long Service Awards	245 571	211 818
Rehabilitation of Landfill Sites	2 275 714	1 030 010
Total	**9 967 992**	**6 332 980**

The finance charges relating to Eskom are interest levied as per the payment arrangement entered into with Eskom for arrear accounts which were repaid during 2014/15 and 2015/16.

Refer to note 52 for more detail relating to the Other finance charges paid.

38 BULK PURCHASES		
Electricity	62 690 801	57 229 483
Water	499 940	1 030 246
Total	**63 190 741**	**58 259 728**
As previously reported		58 646 155
Correction of error restatement - note 41.5		(386 427)
Restated balance		58 259 728

Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWA and a number of private suppliers.

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Figures in Rand	2016	2015
39 OTHER EXPENDITURE		
Advertising	112 275	180 013
Asset Stocktake	33	21 330
Audit Fees	3 224 868	2 797 442
Bank Charges	872 393	744 784
Chemicals	328 447	281 462
Cleaning Materials	103 525	123 247
Commission paid	954 613	972 327
Connection Materials	127 809	108 931
Consulting and Professional Fees	31 105 524	24 327 120
Entertainment	121 091	117 944
Fine collections	422 303	126 420
Fuel and Oil	2 515 167	2 491 828
Insurance	613 146	540 861
Insurance claims	9 896	43 448
Legal Fees	3 308 898	3 650 935
Licences	154 050	167 521
Licences Software	1 542 400	1 465 525
Membership Fees	784 576	794 739
Postal Fees	28 704	43 724
Printing and Stationary	1 253 395	984 196
Protective clothing	295 502	223 373
Rentals	635 825	518 611
Rural Development	269 318	1 037 789
Sample Tests	175 161	141 959
Security	2 540 678	1 756 815
Special Programmes	1 230 419	704 215
Telephone	2 144 428	1 994 414
Tourism	325 171	456 624
Training	259 292	315 030
Travelling and Subsistence	1 349 931	1 559 394
Valuations	936 015	392 696
Vehicle Licences	121 330	123 487
Other Expenditure	1 626 644	1 081 209
Total	**59 492 827**	**50 289 409**
As previously reported		50 127 062
Correction of error restatement - note 41.5		162 347
Restated balance		50 289 409

Special Programmes include poverty relief programmes, celebration of national holidays, public participation, ward based community programmes and other projects funded from own revenue.

40 LOSS ON DISPOSAL OF NON-MONETARY ASSETS		
Proceeds	412 779	482 437
Less: Carrying value of Property, Plant and Equipment disposed	(1 387 282)	(2 484 677)
Less: Carrying value of Intangible Assets disposed	(15 289)	(6 713)
Total	**(989 792)**	**(2 008 953)**
As previously reported		(2 033 193)
Correction of error restatement - note 41.4		24 240
Restated balance		(2 008 953)

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Figures in Rand	2016	2015

41 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

41.1 Receivables from Exchange Transactions

Corrections made to Receivables from Exchange Transactions include the following:

- Reversal of levies on faulty electricity and water meters.
- Availability fees were incorrectly levied on impermissible stands and erven.
- Rental income was not charged
- Where interest were charged on the principle debt which was reversed, that interest was also subsequently reversed.
- Internal charges raised are only being cleared in the following month, therefore receivables as on 30 June are being overstated by internal charges.

The net effect of the above-mentioned errors were as follow:

- Receivables from Exchange Transactions - note 3	Overstated	(2 088 802)
- Taxes - note 5	Understated	52 986
- Service Charges - note 29	Overstated	(204 263)
- Rental of Facilities and Equipment - note 30	Understated	44 578
- Accumulated Surplus - note 41.6	Overstated	(1 712 062)
- Interest Earned - outstanding debtors - note 41.7	Overstated	(164 069)

41.2 Receivables from Non-Exchange Transactions

Corrections made to Receivables from Non-Exchange Transactions include the following:

- Property Rates were incorrectly levied on impermissible and/or expropriated stands and erven .
- Rebates were awarded to indigents, but the rates was not levied in the first place.
- Where interest were charged on the principle debt which was reversed, that interest was also subsequently reversed.
- Government grant claims amounting to R424 000 was not raised as on 30 June 2015 as an Unpaid Government Grant receivable.

The net effect of the above-mentioned errors were as follow:

- Receivables from Non-Exchange Transactions - note 4	Overstated	(356 405)
- Property Rates - note 21	Overstated	(113 051)
- Government Grants and Subsidies - note 23	Understated	424 000
- Accumulated Surplus - note 41.6	Overstated	(602 053)
- Interest Earned - outstanding debtors - note 41.7	Overstated	(65 300)

41.3 Investment Property

Corrections made to Investment Property include the following:

- During the current years reconciliation to the Deeds Registry and Valuation Roll it was noted that vacant erven amounting to R6 527 400 was not included in the register.
- Property amounting R1 022 000 which was donated in September 2013 was never included in the register.

  Due to a typing error, an erf that what previously thought to be a residential erf with a value R514 500 was in actual fact also part a road reserve which has a nominal value of R1 000 resulting in an overstatement of R513 500.

The net effect of the above-mentioned errors were as follow:

- Investment Property - note 9	Understated	7 035 900
- Accumulated Surplus - note 41.6	Understated	7 035 900

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Figures in Rand	2016	2015

41 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

41.4 Property, Plant and Equipment

Corrections made to Investment Property include the following:

- During the current years reconciliation to the Deeds Registry and Valuation Roll it was noted that vacant erven amounting to R1 576 900 was not included in the register.
- The Municipality values all road reserves at a nominal value of R1 000 as such land has no value. It was noted that some of the road reserve erven were not initially valued at a nominal value resulting that land was overstated by R2 895 426.
- Other Assets (movable assets) previously not included in the asset register amounting to R62 291 were identified during the current years asset verification. It was also noted that assets amounting to R24 240 was incorrectly disposed during 2014/15.
- One retention was incorrectly calculated and therefore overstated by R84 558.

The net effect of the above-mentioned errors were as follow:

- Taxes - note 5	Overstated	(10 384)
- Property, Plant and Equipment - note 10	Overstated	(1 306 167)
- Payables from exchange transactions - note 14	Overstated	(84 558)
- Depreciation and Amortisation - note 36	Understated	7 138
- Loss on disposal of Non-Monetary Assets - note 40	Overstated	(24 240)
- Accumulated Surplus - note 41.6	Overstated	(1 249 099)

41.5 Payables from exchange transactions

Corrections made to Payables from Exchange Transactions include the following:

- Payables amounting to R163 554 (including VAT) was not accrued for at 30 June 2015.
- Electricity bulk purchases amounting to R405 270 was duplicated at 30 June 2015.
- Monies received for property sales amounting to R30 702 was incorrectly allocated to tender sales. All property sale receipts are allocated to a suspense account until the total selling price of the property is received, whereby the revenue is then recognised.
- The Municipality conducted a VAT recovery exercise during the current year which revealed that VAT amounting to R311 231 were not claimed in prior periods.

The net effect of the above-mentioned errors were as follow:

- Taxes - note 5	Understated	331 762
- Payables from exchange transactions - note 14	Overstated	(113 015)
- Other Income - note 32	Overstated	(30 702)
- Bulk Purchases - note 38	Overstated	(386 427)
- Other Expenditure - note 39	Understated	162 347
- Accumulated Surplus - note 41.6	Understated	266 820
- Repairs and maintenance - note 41.7	Understated	15 422

41.6 Accumulated Surplus

Receivables from Exchange Transactions - note 41.1	(1 712 062)
Receivables from Non-Exchange Transactions - note 41.2	(602 053)
Investment Property - note 41.3	7 035 900
Property, Plant and Equipment - note 41.4	(1 249 099)
Payables from exchange transactions - note 41.5	266 820
Total	3 739 505

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Figures in Rand	2016	2015
41 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)		
41.7 Statement of Financial Performance		
Interest Earned - outstanding debtors		2 612 522
As previously reported		2 841 892
Receivables from Exchange Transactions - note 41.1		(164 069)
Receivables from Non-Exchange Transactions - note 41.2		(65 300)
Repairs and maintenance		6 157 576
As previously reported		6 142 154
Payables from exchange transactions - note 41.5		15 422
42 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	16 844 582	33 081 740
Adjusted for:		
Non-cash revenue included in Net Surplus	(3 031 053)	(9 014 831)
Transfer of Assets	-	(8 573 245)
Actuarial Gains	(2 939 192)	(417 204)
Reversal of Impairments	(111 325)	(46 078)
Rental of Facilities and Equipment - decrease in operating lease asset	19 465	21 695
Non-cash expenditure included in Net Surplus	47 505 068	30 800 132
Employee Related Costs - Contributions towards	6 337 372	6 112 406
Post Retirement Medical Benefits	1 925 280	1 651 861
Long Service Awards	318 173	251 592
Bonuses	3 636 226	3 623 897
Staff Leave	457 693	585 055
Debt Impairment	19 645 541	6 110 139
Depreciation and Amortisation	15 823 046	13 375 970
Finance Charges	4 689 523	3 207 349
Post Retirement Medical Benefits	2 168 238	1 965 521
Long Service Awards	245 571	211 818
Provision for Rehabilitation of Landfill-sites	2 275 714	1 030 010
Other Expenditure - decrease in operating lease liability	19 793	(14 684)
Loss on disposal of Non-Monetary Assets	989 792	2 008 953
Cash expenditure not included in Net Surplus	(4 686 056)	(4 735 918)
Post Retirement Medical Benefits	(602 870)	(594 528)
Long Service Awards	(152 202)	(263 235)
Bonuses	(3 576 749)	(3 513 970)
Staff Leave	(354 235)	(364 184)
Operating Surplus before changes in working capital	56 632 541	50 131 124
Movement in working capital	(17 277 858)	(19 230 492)
Receivables from Exchange Transactions	(14 377 189)	(15 323 372)
Receivables from Non-Exchange Transactions	(5 901 094)	(4 930 862)
Inventory	(364 388)	505 979
Long-term Receivables	1 020 145	(1 020 145)
Payables from exchange transactions	793 059	266 151
Unspent Conditional Government Grants	(86 692)	626 851
Unspent Public Contributions	(2 409)	-
Taxes	1 640 710	644 906
Cash Flow from Operating Activities	**39 354 683**	**30 900 632**

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Figures in Rand	2016	2015

43 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	2 308 965	1 480 877
Call and Notice Deposits	173 836	5 072 864
Cash Floats	7 430	7 230
Total	**2 490 231**	**6 560 971**

Refer to note 2 for more details relating to cash and cash equivalents.

44 BUDGET COMPARISONS

44.1 Original vs Final Budget

Statement of Financial Position

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2014/15.

Statement of Financial Performance - Revenue

Property Rates were decreased to incorporate the reduced property values as per the Supplementary Valuations roll.

Services Charges were decreased due to the decrease of water revenue due to drought in the region.

Transfers Recognised (Operational) was adjusted as follow:
- Increased by R32.2 million to take into account the Marine Living Resources grant
- Integrated National Electrification Programme grant was decreased with R12.2 million.
- Several grants were increased to take into account roll-overs from the prior year.

Other Own Revenue was increased to take into account the infrastructure contributions levy payable by Electra Capital (Pty) Ltd amounting to R2.9 million.

Transfers Recognised (Capital) was decreased due to the Regional Bulk Infrastructure Grants being decreased by R11 million.

Statement of Financial Performance - Expenditure

Employee Related Costs were increased as SALGA approved an increase of 7.5%. This increase was higher than the increase in the guidelines of the Municipal Circular 76 of 2015 which was used for the original budget.

Finance Charges was increased to take into account the interest raised by Eskom on the repayment old debt.

Other Expenditure was increased to take into account grant expenditure relating the Transfers Recognised (Operational).

Cash Flow Statement

Net Cash Flow from Operating Activities was decreased to take into account the net adjustment to the Statement of Financial Performance of which the net surplus was decreased by R19.8 million.

Net Cash Flow from Investing Activities was decreased to take into account both the decrease of Transfers Recognised (Capital) and long-term borrowings not being taken up.

Net Cash Flow from Financing Activities was decreased as a capital project (Upgrading of Clanwilliam electrical network) amounting to R9.5 million was cancelled due to final cost estimations being significantly higher than initially anticipated.

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Figures in Rand	2016	2015

44 BUDGET COMPARISONS (CONTINUED)

44.2 Actual Amounts vs Final Budget

Statement of Financial Position

Current assets were less than budgeted for due to the following:

- An increase in the provision for debt impairment due to poorer collection rates.
- Less cash was available at year-end due to collection rates being slightly less than anticipated.

Non-current assets were less than budgeted for as the incorrect opening balances of Property, Plant and Equipment was incorporated in the budget.

Current liabilities were more than budgeted for due to the following:

- Payables from Exchange Transactions were more than anticipated due to cash flow constraints.
- Short-term portion of Long-term Liabilities were not included under Current Liabilities in the budget.
- Some grant funded projects has not been concluded at year-end, resulting in unspent government grants.

Statement of Financial Performance - Revenue

Property rates were less than budgeted for as the amount as per the budget includes interest payable on rates, where as the actual interest payable on rates is included under Other Own Revenue.

Service Charges were less than budgeted for due to electricity sales being less than anticipated.

Transfers recognised (operational) were less than budgeted for as the total allocation for the Marine Living Resources Grant was not received during the year.

Own Revenue were more than budgeted for due to the following:

- Actual interest on rates included under Own Revenue, while being budgeted for under Property Rates.
- Fines issued were almost three times more than what was budgeted for and in comparison with the prior year.

Transfers recognised (capital) was less than budgeted as not all projects were implemented.

Statement of Financial Performance - Expenditure

Employee Costs were more than budgeted for as Employee Related costs relating to grants were budgeted under Other Expenditure (Other Operating Grant Expenditure).

Debt Impairment was more than budgeted for due to the following:

- An increase in the provision for debt impairment due to poorer collection rates.
- Fines issued were almost three time more than anticipated. Due to the overall weak collection rate of fines, all unpaid fines is considered non-collectable and is therefore provided as irrecoverable.

Depreciation and Amortisation was more than budgeted for due the significant increase of the Capital Restoration Cost asset resulting in an increase in depreciation.

Other Expenditure was less than budgeted for due to the following reasons:

- Employee Related Costs relating to grants was budgeted under Other Expenditure but reallocated for GRAP purposes to Employee Related Costs.
- Total allocation for the Marine Living Resources Grant was not received during the year.
- General saving on Other Expenditure due to austerity measures.

Cash Flow Statement

Net Cash Flow from Operating Activities was less than budgeted for due to poorer collection of receivables than anticipated.

Net Cash Flow from Investing Activities was less than budgeted for as not all projects were implemented.

Net Cash Flow from Financing Activities was less than budgeted for as a R2 million loan was taken up prior to year-end to assist with cash flow constraints.

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Figures in Rand	2016	2015

45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

45.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	1 219 593	9 134 915
Unauthorised expenditure current year - operating	11 336 997	1 219 593
Unauthorised expenditure current year - capital	-	-
Approved by Council	-	(9 134 915)
Unauthorised expenditure awaiting further action	**12 556 589**	**1 219 593**

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in access of the approved budget:

	2016 (Actual) R	2016 (Final Budget) R	2016 (Variance) R	2016 (Unauthorised) R
Unauthorised expenditure - Operating				
Executive and Council	4 726 108	4 998 030	(271 922)	-
Office of the Municipal Manager	6 073 373	6 323 681	(250 308)	-
Financial Services	49 048 002	42 183 505	6 864 497	6 864 497
Community Development Services	57 810 955	59 792 846	(1 981 891)	-
Corporate and Strategic Services	22 164 317	21 695 317	469 000	469 000
Engineering and Planning Services	120 700 744	116 697 245	4 003 499	4 003 499
Total	**260 523 499**	**251 690 624**	**8 832 875**	**11 336 997**
Unauthorised expenditure - Capital				
Executive and Council	440 012	547 000	(106 988)	-
Office of the Municipal Manager	-	-	-	-
Financial Services	11 210	12 076	(866)	-
Community Development Services	8 595 063	10 873 948	(2 278 885)	-
Corporate and Strategic Services	301 209	495 000	(193 791)	-
Engineering and Planning Services	34 669 007	38 645 933	(3 976 926)	-
Total	**44 016 502**	**50 573 957**	**(6 557 455)**	**-**

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45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

45.2 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	2 257 479	3 131 076
Irregular expenditure incurred - current year	2 122 451	483 901
Approved by Council	-	(1 357 498)
Irregular expenditure awaiting further action	**4 379 930**	**2 257 479**

Details of irregular expenditure incurred

(a)	Non-compliance with Supply Chain Management Regulations	2 275 717	483 901
(b)	Property sold for substantially less than market value	1 773 578	1 773 578
(c)	Executive Mayor - fictitious travel claims	7 634	-
(d)	Municipal Manager's remuneration package exceeding upper limits	323 001	-
Total		**4 379 930**	**2 257 479**

Disciplinary steps or criminal proceedings undertaken on above-mentioned irregular expenditure incurred:

(a) Transactions to be forwarded to MPACC for further investigation
(b) Recovery process is underway. Case number 43/05/2013 has been opened at SAPD.
(c) Council took a decision on 14 July 2016 to recover the expenses. A debtor was raised in this regard and the case was also registered at the SAPD (case number CAS 15/8/2016).
(d) This matter has been revered to MPAC.

45.3 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	256 409	307 825
Fruitless and wasteful expenditure incurred	-	-
Approved by Council	-	(51 416)
Fruitless and wasteful expenditure awaiting further action	**256 409**	**256 409**

Details of fruitless and wasteful expenditure incurred

(a)	Electricity vendor did not pay electricity sales to Municipality	256 409	256 409
Total		**256 409**	**256 409**

Disciplinary steps or criminal proceedings undertaken on above-mentioned fruitless and wasteful expenditure incurred:

(a) Matter has been reported to SAPD and case 156/01/2013 has been opened.

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46 MATERIAL LOSSES

46.1 Water distribution losses

Kilo litres disinfected/purified/purchased	3 630 372	3 721 465
Kilo litres sold and free basic services	(3 143 262)	(3 198 934)
Kilo litres lost during distribution	487 110	522 531
Percentage lost during distribution	13.42%	14.04%

Normal pipe bursts and field leakages are responsible for water losses.

46.2 Electricity distribution losses

Units purchased (Kwh)	64 529 446	63 789 868
Units sold, free basic services and standard friction losses	(56 225 272)	(55 007 918)
Units lost during distribution (Kwh)	8 304 174	8 781 950
Percentage lost during distribution	12.87%	13.77%

Electricity losses are due to electricity theft on pre-paid meters. Fines were issued for first time offenders.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	-	-
Expenditure incurred	773 214	773 789
Payments	(773 214)	(773 789)
Payments in advance	-	-

47.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	454 940
Expenditure incurred	3 280 319	2 874 732
External Audit - Auditor-General	3 224 868	2 797 442
Audit Committee	55 451	77 291
Payments	(2 767 681)	(3 329 672)
Outstanding Balance	512 637	-

47.3 VAT [MFMA 125 (1)(c)]

Opening balance	342 895	(1 315 227)
Net amount claimed during the year	5 677 194	4 230 039
Net amount received during the year	(7 109 784)	(2 571 917)
Outstanding Balance	(1 089 695)	342 895

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

47.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Opening balance	770 982	698 968
Payroll deductions and Council Contributions during the year	11 180 622	9 511 255
Payments	(11 102 849)	(9 439 241)
Outstanding Balance	848 755	770 982

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47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

47.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance		-
Payroll deductions and Council Contributions during the year	16 467 042	16 248 712
Payments made to pension and medical fund	(16 467 042)	(16 248 712)
Outstanding Balance	-	-

47.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

Councillor PJ Petersen	-	**14 511**

47.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

Section 36(1)(a)(i) - Emergencies	357 453	420 205
Section 36(1)(a)(ii) - Single provider	26 460	67 876
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	4 475 678	4 907 263
Total	**4 859 591**	**5 395 344**

Deviations from Supply Chain Management Regulations can be allocated as follow:

Office of the Municipal Manager	15 874	765 708
Financial Services	1 067 894	939 241
Corporate and Strategic Services	1 545 337	2 629 971
Community Development Services	58 657	44 507
Engineering and Planning Services	2 171 829	1 015 918
Total	**4 859 591**	**5 395 344**

All the deviations were ratified by the Municipal Manager and reported to Council.

47.8 Other Non-Compliance [MFMA 125(2)(e)]

(a) Payments not made within 30 days

Money owed by the Municipality was not always paid within 30 days, as required by section 65(2)(e) of the Municipal Finance Management Act.

48 CAPITAL COMMITMENTS

Approved and contracted for	**30 051 448**	**4 950 561**
This expenditure will be financed from:		
Government Grants	**30 051 448**	**4 950 561**

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

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Figures in Rand	2016	2015

49 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

49.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	2 490 231	6 560 971
Receivables from exchange transactions	28 158 873	28 139 717
Long-Term Receivables	-	1 020 145
Total	**30 649 104**	**35 720 833**

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

Electricity	3 628 840	4 733 687
Water	7 358 454	6 721 670
Refuse	2 722 731	2 708 560
Sewerage	3 176 460	2 961 208
Other	258 560	752 706
Total	**17 145 044**	**17 877 830**

Long-term Receivables

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

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Figures in Rand	2016	2015

49 FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the Municipality is not directly exposed to any currency risk.

49.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	2 482 801	6 553 741
Long-term Liabilities (including current portion)	(22 654 311)	(22 588 976)
Net balance exposed	**(20 171 509)**	**(16 035 235)**

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2015 - 0.5%) increase in interest rates	(201 715)	(80 176)
0% (2015 - 0.5%) decrease in interest rates	-	80 176

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

49.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2016				
Annuity Loans	4 513 824	16 674 832	12 368 154	33 556 810
Finance Lease Liabilities	260 432	68 395		328 827
Payables from exchange transactions	51 499 855	-	-	51 499 855
Unspent Conditional Government Grants	2 414 336	-	-	2 414 336
Total	**58 688 448**	**16 743 227**	**12 368 154**	**87 799 829**
30 JUNE 2015				
Annuity Loans	5 706 473	14 549 738	12 390 135	32 646 347
Finance Lease Liabilities	329 208	328 827	-	658 035
Payables from exchange transactions	50 901 444	-	-	50 901 444
Unspent Conditional Government Grants	2 501 028	-	-	2 501 028
Unspent Public Contributions	2 409	-	-	2 409
Total	**59 440 562**	**14 878 565**	**12 390 135**	**86 709 262**

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Figures in Rand	2016	2015

49 FINANCIAL RISK MANAGEMENT (CONTINUED)

49.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to any other price risk.

50 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets		
Cash and Cash Equivalents	2 490 231	6 560 971
Receivables from Exchange transactions	28 158 873	28 139 717
Long-Term Receivables	-	1 020 145
Total	**30 649 104**	**35 720 833**
Financial Liabilities		
Current Portion of Long-term Liabilities	2 480 523	3 895 819
Payables from exchange transactions	51 499 855	50 901 444
Unspent Conditional Government Grants	2 414 336	2 501 028
Unspent Public Contributions	-	2 409
Long-Term Liabilities	20 173 788	18 693 157
Total	**76 568 502**	**75 993 858**

51 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Taxes	-	1 276 332
Receivables from Non-Exchange Transactions	7 115 102	7 017 930
Rates	6 793 861	6 595 548
Fines	321 241	422 381
Total	**14 230 203**	**14 035 859**

The amounts above are disclosed after any provision for impairment has been taken into account.

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Figures in Rand	2016	2015

52 EVENTS AFTER REPORTING DATE

Veolia Water Solutions & Technologies (Pty) Ltd filed a notice of motion on 9 June 2016 at the High Court for the payment of outstanding debt amounting to R2 253 414. Interest amounting to R426 908 was also levied on the outstanding debt. The required amount was paid after year-end and the application was withdrawn by the applicant on 21 July 2016. The full amount payable (R2 680 323) was provided for as on 30 June 2016.

53 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance during the year under review.

54 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

55 CONTINGENT LIABILITIES

The Municipality were exposed to the following contingent liabilities at year end:

55.1 Matter against Goedehoop Citrus by the Municipality - -

Goedehoop Citrus mitigation recovery of R1 773 578 for shortfall for erven 1765 and 1766 which was sold for substantially less than market value. This case is still pending, and if ruled in favour of Goedehoop Citrus, will result in the Municipality to repay legal fees incurred by Goedehoop Citrus. At this stage the legal fees can not be determined.

55.2 Matter against the Municipality by Jimmy Barnard 50 000 50 000

This matter has been finalised but legal costs still have to be taxed or agreed. The legal costs for which the Municipality may be liable are estimated at R50 000.

55.3 Matter against the Municipality by Mathilda Smith 15 000 -

This applicant is claiming for damages amounting to R15 000. Since 2010, the applicant's attorneys has not taken any action on this matter. However, in 2015 she instructed her attorneys to continued with the matter.

55.4 Matter against the Municipality by Siphokazi Sinxo (on behalf of her minor son, Lunje Sinxo) 1 400 000 -

The applicant is claiming for damages amounting to R1 400 000 in total. These damages relate to an injury her son obtained on the property of the Municipality when an entrance gate became dislodged and fell on her son.

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Figures in Rand	2016	2015

56 RELATED PARTIES

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

56.1 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

56.2 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 33 and 34.

56.3 Other related party transactions

The following purchases were made during the year where Councillors, Management or Employees have an interest:

Company Name	Related Party	Service Capacity	Relationship	Amount	Amount
P Sobekwa	J Sobekwa	Foreman	Sister	33 600	30 850
C Newman	SC Newman	Ward Assistant	Sister	70 538	40 487
HM Henderson	C Henderson	Senior Clerk Stores	Sister	171 978	158 955
Colc Civil Contraction	H Scheepers	Tractor Driver	Brother	4 760	-
Total				280 876	230 292

57 FINANCIAL SUSTAINABILITY

The indicators that may, individually or collectively, cast doubt about the going concern assumption are as follows:

The current assets to liabilities ratio is 0.61:1 in comparison with 0.68:1 of the prior year.

The average creditors' repayment days are 154 days in comparison with 103 days in the prior year.

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CEDERBERG LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2016

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2015	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2016
ANNUITY LOANS							
ABSA	30-1738-1864	9.53%	31 Mar 2016	1 794 372	-	(1 794 372)	-
ABSA	038-723-0991	9.84%	30 Sep 2018	1 766 275	-	(459 806)	1 306 469
ABSA	038-723-0992	9.84%	1 April 2025	3 000 000	-	(185 198)	2 814 802
ABSA	038-723-0993	10.43%	17 June 2025	5 000 000	-	(298 864)	4 701 136
ABSA	038-723-0994	10.45%	17 Nov 2025	-	2 000 000	(42 528)	1 957 472
ABSA	038-723-0995	10.45%	17 Aug 2028	-	2 000 000	-	2 000 000
Standard Bank	03-263-793-4	10.36%	31 Mar 2023	10 468 668	-	(892 581)	9 576 087
Total Annuity Loans				**22 029 315**	**4 000 000**	**(3 673 349)**	**22 355 966**
FINANCE LEASE LIABILITIES							
Printer Xerox WC 7835 - Serial 3912323160			Febr 2017	31 380	-	(19 110)	12 270
Printer Xerox WC 7835 - Serial 3912320013			Febr 2017	31 380	-	(19 110)	12 270
Printer Xerox WC 7835 - Serial 3912322806			Febr 2017	31 380	-	(19 110)	12 270
Printer Xerox WC 5855 - Serial 3660183395			Febr 2017	31 833	-	(19 917)	11 916
Printer Xerox WC 533ST - Serial 3322831080			Febr 2017	21 662	-	(13 210)	8 452
Printer Xerox CQ 9303 - Serial 3661918771			Febr 2017	91 495	-	(55 788)	35 707
Printer MPC2003SP - Serial E204R762594			Nov 2017	27 874	-	(10 007)	17 867
Printer MPC2003SP - Serial E204R762687			Nov 2017	27 874	-	(10 007)	17 867
Printer MPC2003SP - Serial E204R762702			Nov 2017	27 874	-	(10 007)	17 867
Printer MPC2003SP - Serial E204R762738			Nov 2017	27 874	-	(10 007)	17 867
Printer MPC2003SP - Serial E204R860570			Nov 2017	27 874	-	(10 007)	17 867
Printer MPC2003SP - Serial E204R860571			Nov 2017	27 874	-	(10 007)	17 867
Printer MPC2003SP - Serial E204R860574			Nov 2017	27 874	-	(10 007)	17 867
Printer MPC2003SP - Serial E204R862788			Nov 2017	27 874	-	(10 007)	17 867
Printer MPC2003SP - Serial E204R862862			Nov 2017	27 874	-	(10 007)	17 867
Printer MP2501SP - Serial E334M520642			Nov 2017	13 933	-	(5 001)	8 932
Printer MP2501SP - Serial E334M520643			Nov 2017	13 933	-	(5 001)	8 932
Printer MP2501SP - Serial E334M421068			Nov 2017	13 933	-	(5 001)	8 932
Printer MP2501SP - Serial E334M421078			Nov 2017	13 933	-	(5 001)	8 932
Printer MP2501SP - Serial E334M421106			Nov 2017	13 933	-	(5 001)	8 932
Total Finance Lease Liabilities				**559 661**	**-**	**(261 316)**	**298 345**
Total Long-Term Liabilities				**22 588 976**	**4 000 000**	**(3 934 666)**	**22 654 311**

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APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2016

NATIONAL GOVERNMENT	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER MOVEMENT R	CLOSING BALANCE R
Equitable Share	-	34 234 611	(34 234 611)	-	-	-
Municipal Infrastructure Grant (MIG)	-	15 280 000	(1 143 970)	(14 136 030)	-	-
Municipal Systems Improvement Grant (MSIG)	-	930 000	(794 657)	(135 343)	-	-
Financial Management Grant (FMG)	-	1 450 000	(1 450 000)	-	-	-
Integrated National Electrification Programme (INEP)	11 611	2 988 389	-	(3 000 000)	-	-
Department of Water Affairs	-	80 906	(80 906)	-	-	-
Expanded Public Works Program (EPWP)	-	1 007 000	(1 007 000)	-	-	-
Regional Bulk Infrastructure Grant (RBIG)	-	20 000 000	-	(19 614 366)	(385 634)	-
WSOG - O&M	903 437	3 000 000	-	(2 679 393)	-	1 224 044
Total	**915 048**	**78 970 906**	**(38 711 144)**	**(39 565 133)**	**(385 634)**	**1 224 044**
PROVINCIAL GOVERNMENT						
LED Grant	96 524	-	-	-	(96 524)	-
Spacial Development Framework	8 342	-	-	-	-	8 342
Human Settlement Development Grant	-	393 963	(336 185)	-	(38 366)	19 412
Library Services	-	2 660 000	-	(2 660 000)	-	-
Library Services MRF	14 905	3 476 000	(3 470 639)	(20 266)	-	-
CDW Support	-	162 000	(162 000)	-	-	-
Housing Consumer Education	66 940	-	(7 646)	-	-	59 294
Road Maintenance	-	62 000	(62 000)	-	-	-
Development of Sport and Recreational Facilities	68 169	-	(52 938)	-	-	15 231
Mobility Strategies Grant	15 297	-	-	-	(15 297)	-
Master Planning Grant	2 000	-	-	-	(2 000)	-
Marine Living Resources Fund	-	26 472 238	(26 472 238)	-	-	-
IDP Grant	45 728	-	(43 686)	-	-	2 042
Financial Management Support Grant	593 493	1 312 500	(826 101)	-	-	1 079 892
Municipal Infrastructure Support Grant	674 582	-	(668 503)	-	-	6 079
Implementation Bulk SMS System	-	25 000	(25 000)	-	-	-
Municipal Capacity Building Grant	-	500 000	(500 000)	-	-	-
Total	**1 585 980**	**35 063 701**	**(32 626 936)**	**(2 680 266)**	**(152 187)**	**1 190 292**
ALL SPHERES GOVERNMENT	**2 501 028**	**114 034 607**	**(71 338 080)**	**(42 245 398)**	**(537 821)**	**2 414 336**

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APPENDIX C (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
Financial Performance						
Property rates	36 801 000	(1 448 000)	35 353 000	31 447 461	(3 905 539)	29 922 349
Service charges	112 993 965	(2 394 000)	110 599 965	107 177 958	(3 422 007)	98 362 055
Investment revenue	230 094	120 000	350 094	355 840	5 746	266 362
Transfers recognised - operational	54 155 000	23 950 000	78 105 000	71 338 080	(6 766 920)	60 900 952
Other own revenue	18 029 890	2 694 000	20 723 890	24 803 348	4 079 458	18 273 740
Total Operating Revenue	**222 209 949**	**22 922 000**	**245 131 949**	**235 122 687**	**(10 009 262)**	**207 725 459**
Employee costs	64 723 000	5 958 000	70 681 000	78 229 940	7 548 940	70 978 404
Remuneration of councillors	4 674 908	-	4 674 908	4 327 829	(347 079)	4 307 365
Debt impairment	8 000 000	-	8 000 000	19 645 541	11 645 541	6 110 139
Depreciation & asset impairment	16 000 000	-	16 000 000	15 823 046	(176 954)	13 375 970
Finance charges	4 820 000	4 536 000	9 356 000	9 967 992	611 992	6 332 980
Materials and bulk purchases	60 692 426	128 000	60 820 426	63 190 741	2 370 315	58 259 728
Transfers and grants	-	-	-	-	-	-
Other expenditure	62 558 300	19 600 000	82 158 300	69 338 415	(12 819 885)	59 023 621
Total Expenditure	**221 468 634**	**30 222 000**	**251 690 634**	**260 523 503**	**8 832 869**	**218 388 207**
Surplus/(Deficit)	**741 315**	**(7 300 000)**	**(6 558 685)**	**(25 400 816)**	**(18 842 131)**	**(10 662 748)**
Transfers recognised - capital	57 222 000	(12 453 000)	44 769 000	42 245 398	(2 523 602)	35 171 243
Contributions Recognised - Capital	-	-	-	-	-	8 573 245
Surplus/(Deficit) for the year	**57 963 315**	**(19 753 000)**	**38 210 315**	**16 844 582**	**(21 365 733)**	**33 081 740**
Capital expenditure & funds sources						
Capital expenditure	**70 582 000**	**(20 008 000)**	**50 574 000**	**44 016 502**	**(6 557 498)**	**33 086 859**
Transfers recognised - capital	57 222 000	(12 453 000)	44 769 000	39 670 888	(5 098 112)	30 851 968
Borrowing	11 580 000	(8 487 000)	3 093 000	816 988	(2 276 012)	1 361 314
Internally generated funds	1 780 000	932 000	2 712 000	3 528 625	816 625	873 577
Total sources of capital funds	**70 582 000**	**(20 008 000)**	**50 574 000**	**44 016 502**	**(6 557 498)**	**33 086 859**
Cash flows						
Net cash from (used) operating	69 994 374	(21 948 374)	48 046 000	39 354 683	(8 691 317)	30 900 632
Net cash from (used) investing	(66 581 600)	20 008 000	(46 573 600)	(43 603 722)	2 969 878	(32 226 216)
Net cash from (used) financing	6 080 000	(9 580 000)	(3 500 000)	178 300	3 678 300	4 564 784
Net Cash Movement for the year	9 492 774	(11 520 374)	(2 027 600)	(4 070 740)	(2 043 140)	3 239 201
Cash/cash equivalents at beginning of year	5 000 000	-	5 000 000	6 560 971	1 560 971	3 321 770
Cash/cash equivalents at the year end	**14 492 774**	**(11 520 374)**	**2 972 400**	**2 490 231**	**(482 169)**	**6 560 971**

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CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
REVENUE						
Governance and administration						
Executive and council	2 133 000	537 000	2 670 000	5 851 900	3 181 900	1 963 283
Budget and treasury office	41 939 336	(565 336)	41 374 000	42 705 777	1 331 777	35 454 139
Corporate services	5 433 868	208 132	5 642 000	1 826 434	(3 815 566)	2 031 530
Community and public safety						
Community and social services	16 054 790	32 518 210	48 573 000	47 864 542	(708 458)	39 353 917
Sport and recreation	-	-	-	52 938	52 938	-
Housing	-	584 000	584 000	343 831	(240 169)	4 697 758
Economic and environmental services						
Planning and development	844 020	3 046 980	3 891 000	917 617	(2 973 383)	6 113 353
Road transport	849 400	(782 400)	67 000	62 711	(4 289)	8 627 812
Trading services						
Electricity	91 200 678	(12 304 678)	78 896 000	78 947 117	51 117	72 875 395
Water	36 808 292	(2 654 292)	34 154 000	35 737 098	1 583 098	45 575 618
Waste water management	14 944 000	1 617 000	16 561 000	30 284 276	13 723 276	22 839 090
Waste management	12 003 000	719 000	12 722 000	32 773 844	20 051 844	11 938 052
Total Revenue - Standard	**222 210 384**	**22 923 616**	**245 134 000**	**277 368 086**	**32 234 086**	**251 469 947**
EXPENDITURE						
Governance and administration						
Executive and council	8 837 585	2 485 415	11 323 000	10 799 481	(523 519)	8 151 963
Budget and treasury office	34 942 500	7 241 500	42 184 000	49 048 002	6 864 002	32 109 379
Corporate services	15 002 501	6 692 499	21 695 000	22 164 317	469 317	22 633 489
Community and public safety						
Community and social services	26 422 056	32 786 944	59 209 000	59 878 698	669 698	44 689 429
Housing	-	584 000	584 000	-	(584 000)	-
Economic and environmental services						
Planning and development	1 203 000	(946 000)	257 000	555	(256 445)	5 533
Road transport	8 305 900	(487 900)	7 818 000	6 241 515	(1 576 485)	4 916 191
Trading services						
Electricity	87 489 347	(23 080 347)	64 409 000	67 262 641	2 853 641	61 483 488
Water	23 389 000	14 505 000	37 894 000	38 642 140	748 140	39 689 463
Waste water management	7 732 485	(4 105 485)	3 627 000	3 008 052	(618 948)	3 223 453
Waste management	8 145 000	(5 452 000)	2 693 000	3 478 098	785 098	1 485 822
Total Expenditure - Standard	**221 469 374**	**30 223 626**	**251 693 000**	**260 523 499**	**8 830 499**	**218 388 212**
Surplus/(Deficit) for the year	**741 010**	**(7 300 010)**	**(6 559 000)**	**16 844 587**	**23 403 587**	**33 081 734**

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CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
REVENUE						
Executive and Council	2 130 000	16 000	2 146 000	2 145 500	(500)	1 675 564
Office of the Municipal Manager	-	525 000	525 000	3 706 400	3 181 400	287 719
Financial Services	41 939 000	(565 000)	41 374 000	42 705 777	1 331 777	35 254 574
Community Development Services	16 055 000	33 099 000	49 154 000	51 261 311	2 107 311	40 353 917
Corporate and Strategic Services	5 434 000	208 000	5 642 000	1 826 434	(3 815 566)	2 031 530
Engineering and Planning Services	156 652 000	(10 361 000)	146 291 000	175 722 664	29 431 664	171 866 642
Total Revenue by Vote	**222 210 000**	**22 922 000**	**245 132 000**	**277 368 086**	**32 236 086**	**251 469 947**
EXPENDITURE						
Executive and Council	4 998 000	-	4 998 000	4 726 108	(271 892)	4 633 438
Office of the Municipal Manager	3 840 000	2 484 000	6 324 000	6 073 373	(250 627)	3 518 526
Financial Services	34 943 000	7 241 000	42 184 000	49 048 002	6 864 002	32 109 379
Community Development Services	26 422 000	33 371 000	59 793 000	57 810 955	(1 982 045)	44 453 786
Corporate and Strategic Services	15 003 000	6 692 000	21 695 000	22 164 317	469 317	22 633 489
Engineering and Planning Services	136 263 000	(19 566 000)	116 697 000	120 700 744	4 003 744	111 039 595
Total Expenditure by Vote	**221 469 000**	**30 222 000**	**251 691 000**	**260 523 499**	**8 832 499**	**218 388 212**
Surplus/(Deficit) for the year	**741 000**	**(7 300 000)**	**(6 559 000)**	**16 844 587**	**23 403 587**	**33 081 734**

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APPENDIX C (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

REVENUE AND EXPENDITURE	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
REVENUE BY SOURCE						
Property rates	36 801 000	(1 448 000)	35 353 000	31 447 461	(3 905 539)	29 922 349
Service charges	112 993 965	(2 394 000)	110 599 965	107 177 958	(3 422 007)	98 362 055
Rental of facilities and equipment	3 578 901	(38 000)	3 540 901	3 252 262	(288 639)	3 294 321
Interest earned - external investments	230 094	120 000	350 094	355 840	5 746	266 362
Interest earned - outstanding debtors	3 113 247	(500 000)	2 613 247	3 672 845	1 059 598	2 612 522
Fines	2 874 406	20 000	2 894 406	8 689 380	5 794 974	3 029 731
Licences and permits	961 419	-	961 419	987 493	26 074	970 546
Agency services	1 381 748	-	1 381 748	1 598 321	216 573	1 405 100
Transfers recognised - operational	54 155 000	23 950 000	78 105 000	71 338 080	(6 766 920)	60 900 952
Other revenue	2 120 169	3 212 000	5 332 169	6 603 047	1 270 878	6 961 520
Gains on disposal of PPE	4 000 000	-	4 000 000	-	(4 000 000)	-
Total Revenue (excluding capital transfers and contributions)	**222 209 949**	**22 922 000**	**245 131 949**	**235 122 687**	**(10 009 262)**	**207 725 459**
EXPENDITURE BY TYPE						
Employee related costs	64 723 000	5 958 000	70 681 000	78 229 940	7 548 940	70 978 404
Remuneration of councillors	4 674 908	-	4 674 908	4 327 829	(347 079)	4 307 365
Debt impairment	8 000 000	-	8 000 000	19 645 541	11 645 541	6 110 139
Depreciation & asset impairment	16 000 000	-	16 000 000	15 823 046	(176 954)	13 375 970
Finance charges	4 820 000	4 536 000	9 356 000	9 967 992	611 992	6 332 980
Bulk purchases	60 692 426	128 000	60 820 426	63 190 741	2 370 315	58 259 728
Other materials	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-
Other expenditure	62 558 300	19 600 000	82 158 300	68 348 624	(13 809 676)	57 014 668
Loss on disposal of PPE	-	-	-	989 792	989 792	2 008 953
Total Expenditure	**221 468 634**	**30 222 000**	**251 690 634**	**260 523 503**	**8 832 869**	**218 388 207**
Surplus/(Deficit)	**741 315**	**(7 300 000)**	**(6 558 685)**	**(25 400 816)**	**(18 842 131)**	**(10 662 748)**
Transfers recognised - capital	57 222 000	(12 453 000)	44 769 000	42 245 398	(2 523 602)	35 171 243
Contributions Recognised - Capital	-	-	-	-	-	8 573 245
Surplus/(Deficit) for the year	**57 963 315**	**(19 753 000)**	**38 210 315**	**16 844 582**	**(21 365 733)**	**33 081 740**

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APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Community Development Services	2 700 000	4 283 000	6 983 000	5 320 800	(1 662 200)	1 754 386
Corporate and Strategic Services	300 000	-	300 000	122 787	(177 213)	289 638
Engineering and Planning Services	57 286 000	(21 352 000)	35 934 000	31 684 358	(4 249 642)	12 563 921
Total Multi-year expenditure	**60 286 000**	**(17 069 000)**	**43 217 000**	**37 127 945**	**(6 089 055)**	**14 607 944**
Single-year expenditure						
Executive and Council	400 000	147 000	547 000	440 012	(106 988)	37 392
Office of the Municipal Manager	-	-	-	-	-	-
Financial Services	150 000	(138 000)	12 000	11 210	(790)	13 545
Community Development Services	6 304 000	(2 413 000)	3 891 000	3 274 263	(616 737)	6 623 592
Corporate and Strategic Services	1 361 000	(1 166 000)	195 000	178 422	(16 578)	441 218
Engineering and Planning Services	2 081 000	631 000	2 712 000	2 984 650	272 650	11 363 169
Total Single-year expenditure	**10 296 000**	**(2 939 000)**	**7 357 000**	**6 888 557**	**(468 443)**	**18 478 915**
Total Capital Expenditure by Vote	**70 582 000**	**(20 008 000)**	**50 574 000**	**44 016 502**	**(6 557 498)**	**33 086 859**
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	400 000	147 000	547 000	440 012	(106 988)	37 392
Budget and treasury office	150 000	(138 000)	12 000	11 210	(790)	13 545
Corporate services	1 662 000	(1 167 000)	495 000	301 209	(193 791)	730 856
Community and public safety						
Community and social services	3 515 000	7 359 000	10 874 000	3 274 263	(7 599 737)	8 397 978
Sport and recreation	2 700 000	(2 700 000)	-	5 320 800	5 320 800	-
Public safety	-	-	-	-	-	-
Housing	2 789 000	(2 789 000)	-	-	-	3 045 344
Economic and environmental services						
Road transport	5 918 000	(3 008 000)	2 910 000	1 396 912	(1 513 088)	6 562 005
Trading services						
Electricity	12 500 000	(8 950 000)	3 550 000	2 705 404	(844 596)	2 070 044
Water	14 280 000	(8 780 000)	5 500 000	3 871 132	(1 628 868)	4 417 619
Waste water management	25 168 000	18 000	25 186 000	25 327 635	141 635	7 812 078
Waste management	1 500 000	-	1 500 000	1 367 924	(132 076)	-
Total Capital Expenditure - Standard	**70 582 000**	**(20 008 000)**	**50 574 000**	**44 016 502**	**(6 557 498)**	**33 086 859**

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APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
CAPITAL EXPENDITURE (CONTINUED)						
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	51 773 000	(9 891 000)	41 882 000	37 299 339	(4 582 661)	24 856 665
Provincial Government	5 449 000	(2 562 000)	2 887 000	2 371 549	(515 451)	5 995 302
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers recognised - capital	**57 222 000**	**(12 453 000)**	**44 769 000**	**39 670 888**	**(5 098 112)**	**30 851 968**
Public contributions & donations	-	-	-	-	-	-
Borrowing	11 580 000	(8 487 000)	3 093 000	816 988	(2 276 012)	1 361 314
Internally generated funds	1 780 000	932 000	2 712 000	3 528 625	816 625	873 577
Total Capital Funding	**70 582 000**	**(20 008 000)**	**50 574 000**	**44 016 502**	**(6 557 498)**	**33 086 859**

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CEDERBERG LOCAL MUNICIPALITY

APPENDIX F (6) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

CASH FLOWS	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	34 960 950	(4 054 950)	30 906 000	32 004 467	1 098 467	27 192 132
Service charges	107 344 300	(7 802 300)	99 542 000	92 800 769	(6 741 231)	83 038 684
Other revenue	9 002 300	2 936 700	11 939 000	13 761 976	1 822 976	13 067 748
Government - operating	54 155 000	23 950 000	78 105 000	71 789 208	(6 315 792)	60 515 559
Government - capital	57 222 000	(12 453 000)	44 769 000	42 245 398	(2 523 602)	35 759 487
Interest	1 008 250	203 750	1 212 000	4 028 685	2 816 685	2 878 884
Payments						
Suppliers and employees	(191 398 426)	(20 992 574)	(212 391 000)	(211 997 351)	393 649	(188 426 230)
Finance charges	(2 300 000)	(3 736 000)	(6 036 000)	(5 278 468)	757 532	(3 125 631)
NET CASH FROM OPERATING ACTIVITIES	**69 994 374**	**(21 948 374)**	**48 046 000**	**39 354 683**	**(8 691 317)**	**30 900 632**
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	4 000 000	-	4 000 000	412 779	(3 587 221)	482 437
Payments						
Capital assets	(70 581 600)	20 008 000	(50 573 600)	(44 016 502)	6 557 098	(32 708 653)
NET CASH USED IN INVESTING ACTIVITIES	**(66 581 600)**	**20 008 000**	**(46 573 600)**	**(43 603 722)**	**2 969 878**	**(32 226 216)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	11 580 000	(9 580 000)	2 000 000	4 000 000	2 000 000	8 000 000
Increase (decrease) in consumer deposits	-	-	-	112 965	112 965	160 760
Payments						
Repayment of borrowing	(5 500 000)	-	(5 500 000)	(3 934 666)	1 565 334	(3 595 976)
NET CASH FROM FINANCING ACTIVITIES	**6 080 000**	**(9 580 000)**	**(3 500 000)**	**178 300**	**3 678 300**	**4 564 784**
NET INCREASE/ (DECREASE) IN CASH HELD	**9 492 774**	**(11 520 374)**	**(2 027 600)**	**(4 070 740)**	**(2 043 140)**	**3 239 201**
Cash/cash equivalents at the year begin:	5 000 000	-	5 000 000	6 560 971	1 560 971	3 321 770
Cash/cash equivalents at the year end:	14 492 774	(11 520 374)	2 972 400	2 490 231	(482 169)	6 560 971

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