

CENTRAL KAROO

DISTRICT MUNICIPALITY



AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

CENTRAL KAROO DISTRICT MUNICIPALITY

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CENTRAL KAROO DISTRICT MUNICIPALITY

AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

NATURE OF BUSINESS

CENTRAL KAROO Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The CENTRAL KAROO Municipality includes the following municipal areas:

*Beaufort West
Prince Albert
Laingsburg
Merweville
Murraysburg*

MUNICIPAL MANAGER

Mr. S. Jooste

CHIEF FINANCIAL OFFICER

Ms UM Baartman

REGISTERED OFFICE

63 Donkin Street, Beaufort West, 6970

AUDITORS

Auditor General of South Africa

PRINCIPLE BANKERS

*First National Bank, Beaufort West
ABSA , Beaufort West
Nedbank, Beaufort West*

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

CENTRAL KAROO DISTRICT MUNICIPALITY

MEMBERS OF THE CENTRAL KAROO DISTRICT MUNICIPALITY

COUNCILLORS

Active councillors as at 30 June 2017:

Executive Mayor	N. Constable
Executive Deputy Mayor	M.Jaftha
Speaker	I.J. Windvogel
Councillor (Full-time)	Dr. A.L. Rabie
Councillor	A.M. Slabbert
Councillor	K. Alexander
Councillor	R.T Hugo
Councillor	Q. Louw
Councillor	R. Meyer
Councillor	J Botha
Councillor	S.M. Motsoane
Councillor	H.T. Prince
Councillor	B. Kleinbooi

APPROVAL OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated and separate annual financial statements for the year ended 30 June 2017, which are set out on pages 1 to page 90 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality and Economic Entity. The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (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 consolidated and separate cash flow forecast for the year to 30 June 2018 and am satisfied that the Municipality can continue in operational existence for the foreseeable future. However management is planning to liquidate and deregister the Economic Entity.

Central Karoo District Municipality is highly dependent on grant funding and do not have a revenue source other than the commission fee. The going concern is dependent on the continuation of the function and the grant.

The external auditors are responsible for independently reviewing and reporting on the consolidated and separate 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. S. Jooste
Accounting Officer

Date

CENTRAL KAROO DISTRICT MUNICIPALITY

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Economic Entity		Municipality	
		2017 R (Actual)	2016 R (Restated)	2017 R (Actual)	2016 R (Restated)
NET ASSETS AND LIABILITIES					
Net Assets		3 549 054	2 332 147	3 548 588	2 388 341
Accumulated Surplus		3 549 054	2 332 147	3 548 588	2 388 341
Non-Current Liabilities		17 552 968	17 994 771	17 552 968	17 994 771
Finance Lease Obligation	2	101 367	140 367	101 367	140 367
Employee benefits	3	17 451 601	17 854 404	17 451 601	17 854 404
Current Liabilities		11 276 709	8 927 020	11 274 204	8 867 171
Current Employee benefits	4	4 166 007	3 468 824	4 166 007	3 419 674
Payables from non exchange transactions	5	-	282 075	-	282 075
Payables from exchange transactions	6	5 273 772	4 300 105	5 271 267	4 293 061
Unspent Conditional Government Grants and Receipts	7	1 797 930	833 573	1 797 930	829 919
Current Portion of Finance Lease Obligation	2	39 000	42 442	39 000	42 442
Total Net Assets and Liabilities		32 378 730	29 253 938	32 375 760	29 250 283
ASSETS					
Non-Current Assets		17 119 477	16 697 280	17 119 477	16 697 280
Property, Plant and Equipment	9	7 045 385	6 387 398	7 045 385	6 387 397
Intangible Assets	10	82 410	57 347	82 410	57 348
Employee benefits	3	9 991 682	10 252 535	9 991 682	10 252 535
Current Assets		15 259 253	12 556 658	15 256 283	12 553 003
Inventory	12	814 559	812 546	814 559	812 546
Receivables from exchange transactions	13	6 443 003	3 061 351	6 443 003	3 061 351
Receivables from non-exchange transactions	14	1 994 302	559 289	1 994 302	559 289
Unpaid Conditional Government Grants and Receipts	7	1 879 068	1 140 600	1 879 068	1 140 600
Taxes	8	434 289	164 897	434 289	164 897
Employee benefits	3	702 561	724 877	702 561	724 877
Cash and Cash Equivalents	16	2 991 471	6 093 097	2 988 501	6 089 443
Total Assets		32 378 730	29 253 938	32 375 760	29 250 283

CENTRAL KAROO DISTRICT MUNICIPALITY

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Economic Entity		Municipality	
		2017	2016	2017	2016
		(Actual) R	(Restated) R	(Actual) R	(Restated) R
REVENUE					
Revenue from Non-exchange Transactions		31 865 529	33 602 875	31 861 875	33 601 889
Transfer Revenue		28 679 427	32 312 177	28 675 773	32 311 191
Government Grants and Subsidies - Capital	17	882 942	-	882 942	-
Government Grants and Subsidies - Operating	17	27 796 485	32 312 177	27 792 831	32 311 191
Other Revenue		3 186 102	1 290 698	3 186 102	1 290 698
Actuarial Gains	3	1 573 156	-	1 573 156	-
National Treasury 1% audit fee	19	1 612 946	1 290 698	1 612 946	1 290 698
Revenue from Exchange Transactions		38 069 337	50 470 448	38 069 336	50 470 448
Rental of Facilities and Equipment		71 199	69 727	71 199	69 727
Interest Earned - external investments		503 069	631 914	503 069	631 914
Department of Transport - Roads Service Charges		33 429 456	45 502 093	33 429 456	45 502 093
Licences and Permits		21 183	15 560	21 183	15 560
Agency Services	18	3 328 024	3 077 276	3 328 024	3 077 276
Other Income	20	491 974	1 173 878	491 974	1 173 878
Debt Impairment/Reversal	23	224 432	-	224 432	-
Total Revenue		69 934 866	84 073 323	69 931 212	84 072 337
EXPENDITURE					
Employee related costs	21	35 094 763	31 247 616	34 967 933	30 721 507
Remuneration of Councillors	22	3 205 603	3 109 524	3 205 603	3 109 524
Debt Impairment/Reversal	23	-	132 630	-	132 630
Depreciation and Amortisation	24	325 828	284 363	325 828	284 365
Impairments	25	-	-	457 424	900 642
Repairs and Maintenance	27	10 619 008	13 215 731	10 619 008	13 215 731
Actuarial losses	3	-	68 177	-	68 177
Finance Charges	26	857 262	653 829	857 262	653 829
Contracted services		295 732	240 488	295 732	240 488
General Expenses	28	18 272 636	27 998 662	17 995 046	27 612 872
Loss on disposal of Property, Plant and Equipment		47 128	10 565	47 128	10 565
Total Expenditure		68 717 959	76 961 585	68 770 965	76 950 330
NET SURPLUS FOR THE YEAR		1 216 907	7 111 738	1 160 247	7 122 007

CENTRAL KAROO DISTRICT MUNICIPALITY

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated Surplus	Total
Economic Entity	R	R
Opening balance as previously reported - 1 JULY 2015	(4 600 344)	(4 600 344)
Correction of error note	(179 247)	(179 247)
Restated Balance at 1 JULY 2015	(4 779 591)	(4 779 591)
Net Surplus for the year	7 111 738	7 111 738
Balance at 30 JUNE 2016	2 332 147	2 332 147
Net Surplus for the year	1 216 907	1 216 907
Balance at 30 JUNE 2017	3 549 054	3 549 054
Municipality		
Opening balance as previously reported - 1 JULY 2015	(4 554 422)	(4 554 422)
Correction of error note 29	(179 247)	(179 247)
Restated Balance at 1 JULY 2015	(4 733 669)	(4 733 669)
Net Surplus for the year as previously reported	2 071 380	2 071 380
Prior period error	5 050 630	5 050 630
Net Surplus for the year	7 122 007	7 122 007
Balance at 30 JUNE 2016	2 388 341	2 388 341
Net Surplus for the year	1 160 247	1 160 247
Balance at 30 JUNE 2017	3 548 588	3 548 588

The opening balance has been corrected for inaccurate prior year presentation.

CENTRAL KAROO DISTRICT MUNICIPALITY

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Economic Entity		Municipality	
		30 JUNE 2017 (ACTUAL) R	30 JUNE 2016 (RESTATED) R	30 JUNE 2017 (ACTUAL) R	30 JUNE 2016 (RESTATED) R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Other		35 781 227	46 332 013	35 781 226	46 323 971
Government		28 964 316	30 302 472	28 964 316	30 302 471
Interest		503 069	631 914	503 069	631 914
Payments					
Suppliers and employees		(67 181 352)	(77 626 943)	(66 723 243)	(76 717 275)
Finance charges	26	(11 438)	(13 723)	(11 438)	(13 723)
Cash (utilised in)/generated by operations	30	(1 944 178)	(374 267)	(1 486 070)	527 357
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	9	(1 018 936)	(528 945)	(1 018 936)	(528 945)
Purchase of Intangible Assets		(37 069)	(10 055)	(37 069)	(10 055)
Increase in loan	11	-	-	(457 424)	(900 642)
Net Cash utilised in Investing Activities		(1 056 005)	(539 000)	(1 513 429)	(1 439 642)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of finance lease		(42 443)	(56 232)	(42 443)	(56 232)
Re-payment to National Revenue Fund		(59 000)	-	(59 000)	-
Net Cash utilised in Financing Activities		(101 443)	(56 232)	(101 443)	(56 232)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3 101 625)	(969 500)	(3 100 942)	(968 517)
Cash and Cash Equivalents at the beginning of the year		6 093 097	7 062 598	6 089 443	7 057 956
Cash and Cash Equivalents at the end of the year	16	2 991 472	6 093 097	2 988 501	6 089 443
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3 101 625)	(969 500)	(3 100 942)	(968 517)

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R	2017 R	2017 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Variance)		
ASSETS					
Current assets					
Cash & Call investment deposits	2 988 501	8 382 879	(5 394 378)		-64% Cash outflow due reduction in grants received and filling of vacant positions.
Receivables from non-exchange transactions	1 994 302	440 851	1 553 451		352% Debtors increased due to shared services debtors not correctly disclosed.
Other Receivables	8 756 360	1 108 040	7 648 320		690% Increase in receivables in regards to shared services
Current portion of long-term receivables	702 561	844 920	(142 359)		-17% Increase in actuarial valuations pertaining to roads staff
Inventory	814 559	999 984	(185 425)		-19% Less inventory at year end than expected.
Total current assets	15 256 283	11 776 674	3 479 609		
Non current assets					
Long-term receivables	9 991 682	9 869 960	121 722		1% Trivial
Property, plant and equipment	7 045 385	5 058 879	1 986 506		39% Additional grant received for emergency vehicle and equipment
Intangible Assets	82 410	12 474	69 936		561% New software purchased
Total non current assets	17 119 477	14 941 313	2 178 164		
TOTAL ASSETS	32 375 760	26 717 987	5 657 773		
LIABILITIES					
Current liabilities					
Borrowing	39 000	13 000	26 000		200% New finance leases entered into in previous year
Trade and other payables	7 069 197	8 421 976	(1 352 779)		-16% More creditors paid before year end than what was budgeted for.
Provisions and Employee Benefits	4 166 007	-	4 166 007		0% Trivial.
Total current liabilities	11 274 204	8 434 976	2 839 228		
Non current liabilities					
Borrowing	101 367	1 000	100 367		10037% New finance leases entered into in previous year
Provisions and Employee Benefits	17 451 601	22 068 220	(4 616 619)		-21% Actuarial valuations changes
Total non current liabilities	17 552 968	22 069 220	(4 516 253)		
TOTAL LIABILITIES	28 827 172	30 504 197	(1 677 025)		
NET ASSETS	3 548 589	(3 786 209)	7 334 798		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	3 548 588	(3 786 209)	7 334 798		-194% Additional grant money received
TOTAL COMMUNITY WEALTH/EQUITY	3 548 588	(3 786 209)	7 334 798		

Comparison only includes CKDM actual vs budget since no budget was set for CKEDA

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.1
ASSETS					
Current assets					
Cash	4 368 156	14 723	4 382 879	0%	
Call investment deposits	4 000 000	-	4 000 000	0%	
Receivables from non-exchange transactions	440 851	-	440 851	0%	
Other Receivables	1 108 040	-	1 108 040	0%	
Current portion of long-term receivables	844 920	-	844 920	0%	
Inventory	999 984	-	999 984	0%	
Total current assets	11 761 951	14 723	11 776 674		
Non current assets					
Long-term receivables	9 869 960	-	9 869 960	0%	
Property, plant and equipment	3 726 879	1 332 000	5 058 879	36%	Additional grants received for purchases of fixed assets
Intangible Assets	12 474	-	12 474	0%	
Total non current assets	13 609 313	1 332 000	14 941 313	10%	
TOTAL ASSETS	25 371 264	1 346 723	26 717 987	5%	
LIABILITIES					
Current liabilities					
Borrowing	13 000	-	13 000	0%	
Trade and other payables	8 421 976	-	8 421 976	0%	
Provisions and Employee Benefits	-	-	-	0%	
Total current liabilities	8 434 976	-	8 434 976		
Non current liabilities					
Borrowing	1 000	-	1 000	0%	
Provisions and Employee Benefits	22 068 220	-	22 068 220	0%	
Total non current liabilities	22 069 220	-	22 069 220		
TOTAL LIABILITIES	30 504 196	-	30 504 196		
NET ASSETS	(5 132 932)	1 346 723	(3 786 209)		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(5 132 932)	1 346 723	(3 786 209)		-26% Improvement of financial position due to increase in fixed assets
TOTAL COMMUNITY WEALTH/EQUITY	(5 132 932)	1 346 723	(3 786 209)		

Comparison only includes CKDM actual vs budget since no budget was set for CKEDA

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R	2017 R	2017 R	
	(Actual)	(Final Budget)	(Variance)	%
REVENUE BY SOURCE				
Rental of facilities and equipment	71 199	72 000	(801)	-1% Trivial.
Interest earned - external investments	503 069	550 000	(46 931)	-9% Less investments than expected
Reversal of debt impairment	224 432	-	224 432	100% Provision was only made for debtors that were given over to lawyers.
Licences and permits	21 183	-	21 183	100% Permits issued not anticipated during budget process
Agency services	3 328 024	3 711 000	(382 976)	-10% Less Roads receipts from Provincial that in turns decrease the agency service fee.
Government Grants and Subsidies - Operating	27 792 831	34 224 796	(6 431 965)	-19% Decrease in grants received
Other revenue	37 107 532	39 024 640	(1 917 108)	-5% Less revenue received than anticipated
Total Operating Revenue	69 048 270	77 582 436	(8 534 166)	-11%
EXPENDITURE BY TYPE				
Employee related costs	34 967 933	17 527 466	17 440 467	100% Roads Salary portion not budgeted for correctly.
Remuneration of councillors	3 205 603	3 498 014	(292 411)	-8% Trivial.
Impairment	457 424	-	457 424	0% Trivial.
Depreciation & asset impairment	325 828	254 904	70 924	28% Increase in assets
Finance charges	857 262	-	857 262	100% Employee benefit charges not budgeted for.
Contracted services	295 732	-	295 732	100% Budgeted for contracted services under other expenditure
Other expenditure	28 661 183	56 024 610	(27 363 427)	-49% Less expenditure incurred than anticipated
Total Operating Expenditure	68 770 965	77 304 994	(8 534 029)	-11%
Operating Surplus for the year	277 305	277 442	(137)	
Government Grants and Subsidies - Capital	882 942	1 300 000	(417 058)	-32% Vehicle purchased from additional grants still at supplier being customised
Net Surplus for the year	1 160 247	1 577 442	(417 195)	

Comparison only includes CKDM actual vs budget since no budget was set for CKEDA

**CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

ADJUSTMENTS TO APPROVED BUDGET

	2017 R	2017 R	2017 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	%
REVENUE BY SOURCE				
Rental of facilities and equipment	50 000	22 000	72 000	44% New rental agreements
Interest earned - external investments	500 000	50 000	550 000	10% Increase in investments.
Agency services	3 711 000	-	3 711 000	0% Trivial.
Government Grants and Subsidies - Operating	33 020 767	1 204 029	34 224 796	4% Trivial.
Other revenue	39 778 616	(753 976)	39 024 640	-2% Trivial.
Total Operating Revenue	77 060 383	522 053	77 582 436	
EXPENDITURE BY TYPE				
Employee related costs	16 760 237	767 229	17 527 466	5% Trivial.
Remuneration of councillors	3 668 014	(170 000)	3 498 014	-5% Trivial.
Depreciation & asset impairment	254 904	-	254 904	0% Trivial.
Finance charges	-	-	-	0% Trivial.
Other expenditure	56 146 509	(121 899)	56 024 610	0% Expected increase in LG SETA grant that did not realise.
Total Operating Expenditure	76 829 664	475 330	77 304 994	
Operating Surplus for the year	230 719	46 723	277 442	
Government Grants and Subsidies - Capital	-	1 300 000	1 300 000	100% Additional grants received
Net Surplus for the year	230 719	1 346 723	1 577 442	

Comparison only includes CKDM actual vs budget since no budget was set for CKEDA

**CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017**

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R	2017 R	2017 R		Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Variance)	%	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Other	35 781 226	43 219 651	(7 438 425)	-17%	Less money received than anticipated
Government - operating	27 664 316	34 224 796	(6 560 481)	-19%	Less grants received
Government - capital	1 300 000	1 300 000	-	0%	Trivial.
Interest	503 069	550 000	(46 931)	-9%	Less investments than anticipated
Payments					
Suppliers and Employees	(66 723 243)	(81 129 989)	14 406 746	-18%	Incorrectly budgeted for.
Finance charges	(11 438)	-	(11 438)	-100%	Incorrectly budgeted for.
NET CASH FROM OPERATING ACTIVITIES	(1 486 070)	(1 835 542)	349 472		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Increase in non-current receivables	-	(693 524)	693 524	-100%	Incorrectly budgeted for.
Increase in loan	(457 424)	-	(457 424)	100%	Incorrectly budgeted for.
Payments					
Capital assets	(1 056 005)	(1 562 000)	505 995	-32%	Vehicle bought from grant still at supplier being customised
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 513 429)	(2 255 524)	742 095		
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments					
Repayment of borrowing	(101 443)	(66 000)	(35 443)	54%	Incorrectly budgeted for.
NET CASH USED FINANCING ACTIVITIES	(101 443)	(66 000)	(35 443)		
NET INCREASE IN CASH HELD	(3 100 941)	(4 157 066)	1 056 124		
Cash and Cash Equivalents at the beginning of the year	6 089 443	12 539 945	(6 450 502)	-51%	Incorrectly budgeted for.
Cash and Cash Equivalents at the end of the year	2 988 501	8 382 879	(5 394 378)	-64%	Incorrectly budgeted for.

Comparison only includes CKDM actual vs budget since no budget was set for CKEDA

**CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017**

ADJUSTMENTS TO APPROVED BUDGET

	2017 R	2017 R	2017 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	%
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	43 951 627	(731 976)	43 219 651	-2% Trivial.
Government - operating	33 020 767	1 204 029	34 224 796	4% Trivial.
Government - capital	-	1 300 000	1 300 000	100% Additional grant received
Interest	500 000	50 000	550 000	10% Increase in investments.
Payments				
Suppliers and Employees	(80 654 659)	(475 330)	(81 129 989)	1% Trivial.
Finance charges	-	-	-	0%
NET CASH FROM OPERATING ACTIVITIES	(3 182 265)	1 346 723	(1 835 542)	-42%
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Increase in non-current receivables	(693 524)	-	(693 524)	0% Trivial.
Payments				
Capital assets	(230 000)	(1 332 000)	(1 562 000)	579% Additional grant received for capital expenditure
NET CASH USED INVESTING ACTIVITIES	(923 524)	(1 332 000)	(2 255 524)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments				
Repayment of borrowing	(66 000)	-	(66 000)	0% Trivial.
NET CASH USED FINANCING ACTIVITIES	(66 000)	-	(66 000)	
NET INCREASE IN CASH HELD	(4 171 789)	14 723	(4 157 066)	
Cash and Cash Equivalents at the beginning of the year	12 539 945	-	12 539 945	0% Trivial.
Cash and Cash Equivalents at the end of the year	8 368 156	14 723	8 382 879	0% Trivial.

Comparison only includes CKDM actual vs budget since no budget was set for CKEDA

CENTRAL KAROO DISTRICT MUNICIPALITY
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1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. 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 Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board 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 – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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 consolidated financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Economic Entity applied deemed cost to Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

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1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is 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 accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has started with a process during the year to align items in the annual financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. This is set out in note 47 of the annual financial statements.

1.5. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's financial statements incorporate the financial statements of the parent entity, Central Karoo District Municipality, and its municipal entity Central Karoo Economic Development Agency, presented as a single entity and consolidated at the same reporting date as the parent entity.

Municipal entities are all controlled entities over which the Municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

1.6. AMENDED DISCLOSURE POLICY

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. The principal amendments to matters disclosed in the current financial statements include errors.

1.7. 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.

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1.8. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the annual Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

The Economic entity shall present an explanation of changes between an approved and final budget, by way of a note disclosure in terms of GRAP 24. Material differences are being defined by Management as 10% of a specific line-item.

No Consolidated Statement of Comparison of Budget and Actuals has been disclosed in terms of paragraph 32 of GRAP 24. Paragraph 32 of GRAP 24 states that separate budgets may be recompiled in order for consolidated disclosure purposes. As there are no separated budget for Central Karoo Development Agency, no recompilation in terms of paragraph 32 of GRAP 24 can be disclosed. Only the Statement of Comparison of Budget and Actuals are disclosed for the Municipality.

1.9. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016/17 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
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<p>GRAP 32 (Original – Aug 2013)</p>	<p><u>Service Concession Arrangements: Grantor</u> The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact is expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
<p>GRAP 108 (Original – Sept 2013)</p>	<p><u>Statutory Receivables</u> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p>	<p>Unknown</p>
<p>GRAP 109</p>	<p><u>Accounting by Principles and Agents</u> 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.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p>Unknown</p>
<p>IGRAP 17</p>	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u> The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>

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1.10. LEASES

1.10.1. *Economic Entity as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Economic Entity. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Economic Entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Economic Entity recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. *Economic Entity as Lessor*

Under a finance lease, the Economic Entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Economic Entity, discounted at the interest rate implicit in the lease. The 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. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over

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the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Economic Entity shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset.

The amount of borrowing costs that the Economic Entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. The Economic Entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Economic Entity's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

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

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Economic Entity until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic Entity's interest it is recognised as interest earned in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Economic Entity has a present 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 pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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

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losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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.

1.16. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Economic Entity provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Economic Entity 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 charged against income in the year they become payable.

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Economic Entity operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Economic Entity has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Economic Entity pays fixed contributions into a separate entity. The Economic Entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Economic Entity pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Post-Retirement Medical Obligations*

The Economic Entity provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was 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 fair value of the obligation. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic Entity. The Economic Entity's obligation under these plans is valued by independent qualified actuaries periodically 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 charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(d) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Economic Entity's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(e) 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 year end and also on the total remuneration package of the employee.

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Accumulated 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.

(f) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(g) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. 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 Economic Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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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 assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Economic Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2. Subsequent Measurement – Cost Model

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

Where the Economic Entity 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 associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. 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 management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
<u>Community Assets</u>		<u>Land and Buildings</u>	
Civic Buildings	100	Land	Indefinite
<u>Other Assets</u>		Buildings	100
General Vehicles	11 - 25	<u>Finance Lease Assets</u>	
Fire Engines	18 - 25	Lease Furniture and Office Equipment	3 - 5
Disaster Management Equipment	10 - 28		
Plant and Equipment	9 - 41		
Computer Hardware	5 - 25		
Furniture and Other Office Equipment	5 - 50		

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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 charged to 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 impairment is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

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.

1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Economic Entity opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Economic Entity applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

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

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Economic Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or

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service potential that are attributable to the asset will flow to the Economic Entity and the cost or fair value of the asset can be measured reliably.

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

- the Economic Entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Economic Entity has the resources to complete the project;
- it is probable that the Economic Entity will receive future economic benefits or service potential; and
- the Economic Entity can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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 was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. 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 subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, 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:

<u>Intangible Assets</u>	Years
Computer Software	10

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1.18.4. De-recognition

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.

1.18.5. Application of deemed cost (Directive 7)

The Economic Entity opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Economic Entity applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

- (a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
 - Significant changes with an adverse effect on the Economic Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Economic Entity operates or in the market to which an asset is dedicated;
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset;

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- Significant changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

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1.19.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Economic Entity operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the

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

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Economic Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Economic Entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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1.20. INVENTORIES

1.20.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, 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. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.20.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, materials and supplies and work-in-progress, 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. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

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1.21.1. Initial Recognition

Financial instruments are initially recognised when the Economic Entity becomes a party to the contractual provisions of the instrument 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 Economic Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.21.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Economic

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Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.2. Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, 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.

1.21.2.3. Cash and Cash Equivalents

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.21.2.4. Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

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The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21.3. De-recognition

1.21.3.1. Financial Assets

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

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

When the Economic Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Economic Entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Economic Entity's continuing involvement is the amount of the transferred asset that the Economic Entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Economic Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the

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difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only 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.

1.22. 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.

1.22.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.22.2. Subsequent Measurement

The Economic Entity initially measures the statutory receivables at their transaction amount. The Economic Entity measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Economic Entity 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 Economic Entity 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 Economic Entity 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 Economic Entity 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 reversed if there has been a change in the estimates used since the last

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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.

1.22.3. Derecognition

The Economic Entity derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Economic Entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Economic Entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Economic Entity:
 - i. derecognises the receivable; and
 - ii. recognises separately any rights and obligations created or retained in the transfer.

1.23. REVENUE

1.23.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Economic Entity 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.

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 raised 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 without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Economic Entity. Where public contributions have been received but the Economic Entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

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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.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Economic Entity.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Economic Entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Economic Entity's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Economic Entity; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Economic Entity's operations or does not satisfy the above-mentioned criteria, the Economic Entity only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Economic Entity and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Economic Entity controls the resource from which future economic benefits or service potential is expected to flow to the Economic Entity. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Economic Entity therefore recognises an expense and related revenue for the consumption of services in-kind.

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1.23.2. Revenue from Exchange Transactions

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

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

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

At the time of initial recognition the full amount of revenue is recognised where the Economic Entity has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Economic Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

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

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.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by

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the entity. The municipality performs an agency function on behalf of the Provincial Administration: Western Cape for the proclaimed roads within its area.

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 imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. RELATED PARTIES

The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

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

The following are regarded as related parties of the Economic Entity:

- (a) A person or a close member of that person’s family is related to the Economic Entity if that person:
- has control or joint control over the Economic Entity.

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- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Economic Entity.
 - is a member of the management of the Economic Entity or its controlling entity.
- (b) An entity is related to the Economic Entity if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Economic Entity or an entity related to the Economic Entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Economic Entity. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Economic Entity, including:

- (a) all members of the governing body of the Economic Entity;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity; and
- (d) the senior management team of the Economic Entity, including the chief executive officer or permanent head of the Economic Entity, unless already included in (a).

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Management personnel include:

- (a) All directors or members of the governing body of the Economic Entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Economic Entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Economic Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic Entity 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 Economic Entity.

The Economic Entity 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.

1.25. 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, Economic Entity 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.

1.26. 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 excludes unauthorised expenditure. 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.

**CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
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1.27. 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.

1.28. 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 entity. 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 measured with sufficient reliability.

The Economic Entity 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.

Management judgement is required when recognising and measuring contingent liabilities.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Economic Entity'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:

Post-retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities 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. Major assumptions used are disclosed in note 3 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

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Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings 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 estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings. The Economic Entity also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Economic Entity's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other Economic Entity has the same geographical setting as the Economic Entity and that the other Economic Entity's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an 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.

Intangible Assets

CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2017

The useful lives of intangible assets are based on management's estimation. 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.

Reference was made to intangibles used within the Economic Entity and other municipalities to determine the useful life of the assets.

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

Provisions and Contingent Liabilities

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

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. 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.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

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 Economic Entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Economic Entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Economic Entity is satisfied that recognition of the revenue in the current year is appropriate.

1.30. 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 as part of receivables or payables in the Statement of Financial Position.

**CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2017**

1.31. CAPITAL COMMITMENTS

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

1.32. 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:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those 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 Economic Entity discloses the nature and an estimate of the financial effect.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
2 FINANCE LEASE OBLIGATION				
Capitalised Lease Liability - At amortised cost	140 367	182 809	140 367	182 809
Current Portion transferred to Current Liabilities	140 367	182 809	140 367	182 809
Capitalised Lease Liability - At amortised cost	39 000	42 442	39 000	42 442
Total Long-term Liabilities - At amortised cost using the effective interest rate method	101 367	140 367	101 367	140 367

Refer below for maturity dates of long term liabilities:

The obligations under finance leases are scheduled below:

	Minimum lease payments		Minimum lease payments	
Amounts payable under finance leases:				
Payable within one year	47 382	53 880	47 382	53 880
Payable within two to five years	109 450	156 831	109 450	156 831
	156 831	210 711	156 831	210 711
Less: Future finance obligations	(16 465)	(27 902)	(16 465)	(27 902)
Present value of lease obligations	140 367	182 809	140 367	182 809
Book value of other assets secured by leases	128 839	40 453	128 839	40 453

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
RICOH	Copier	13%	13%	0%	5 Years	31/03/2021
RICOH	Copier	13%	13%	0%	5 Years	30/09/2020
RICOH	Copier	13%	13%	0%	5 Years	30/06/2019

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

3 EMPLOYEE BENEFITS				
Post Retirement Benefits - Refer to Note 3.1	7 402 810	8 021 975	7 402 810	8 021 975
Roads Post Retirement Benefits - Refer to Note 3.1	8 018 992	8 037 537	8 018 992	8 037 537
Long Service Awards Roads - Refer to Note 3.2	1 106 147	1 052 759	1 106 147	1 052 759
Long Service Awards Other - Refer to Note 3.2	568 283	392 038	568 283	392 038
Ex - Gratia Roads - Refer to Note 3.3	355 369	350 095	355 369	350 095
Total Non-current Employee Benefit Liabilities	17 451 601	17 854 404	17 451 601	17 854 404

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3

EMPLOYEE BENEFITS (continued)

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
<u>Post Retirement Medical Aid Benefits</u>				
Balance 1 July	16 865 504	15 551 706	16 865 504	15 551 706
Contribution for the year	384 197	371 125	384 197	371 125
Interest Cost	1 497 252	1 297 711	1 497 252	1 297 711
Expenditure for the year	(805 992)	(793 547)	(805 992)	(793 547)
Actuarial (Gain) / Loss	(1 581 813)	438 509	(1 581 813)	438 509
Total post retirement benefits 30 June	16 359 148	16 865 504	16 359 148	16 865 504
Less: Transfer of Current Portion - Note 4	(937 346)	(805 992)	(937 346)	(805 992)
Balance 30 June	15 421 802	16 059 512	15 421 802	16 059 512
<u>Long Service Awards</u>				
Balance 1 July	1 748 137	1 918 246	1 748 137	1 918 246
Contribution for the year	126 940	143 822	126 940	143 822
Interest Cost	134 119	133 343	134 119	133 343
Expenditure for the year	(263 747)	(202 171)	(263 747)	(202 171)
Actuarial Loss / (Gain)	33 516	(245 103)	33 516	(245 103)
Total long service 30 June	1 778 965	1 748 137	1 778 965	1 748 137
Less: Transfer of Current Portion - Note 4	(104 535)	(303 340)	(104 535)	(303 340)
Balance 30 June	1 674 430	1 444 797	1 674 430	1 444 797
<u>Ex - Gratia Benefits</u>				
Balance 1 July	513 999	593 177	513 999	593 177
Interest Cost	38 083	46 051	38 083	46 051
Actuarial Gain	(24 859)	(125 229)	(24 859)	(125 229)
Total long service 30 June	527 223	513 999	527 223	513 999
Less: Transfer of Current Portion - Note 4	(171 854)	(163 904)	(171 854)	(163 904)
Balance 30 June	355 369	350 095	355 369	350 095
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>				
Balance 1 July	19 127 640	18 063 129	19 127 640	18 063 129
Contribution for the year	511 137	514 947	511 137	514 947
Interest cost	1 669 454	1 477 105	1 669 454	1 477 105
Expenditure for the year	(1 069 739)	(995 718)	(1 069 739)	(995 718)
Actuarial (Gain) / Loss	(1 573 156)	68 177	(1 573 156)	68 177
Total employee benefits 30 June	18 665 336	19 127 640	18 665 336	19 127 640
Less: Transfer of Current Portion - Note 4	(1 213 735)	(1 273 236)	(1 213 735)	(1 273 236)
Balance 30 June	17 451 601	17 854 404	17 451 601	17 854 404

3.1 Post Retirement Benefits

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

In-service (employee) members	27	26	27	26
In-service (employee) non-members	100	91	100	91
Continuation members (e.g. Retirees, widows, orphans)	25	24	25	24
Total Members	152	141	152	141

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

In-service members	6 098 435	6 744 743	6 098 435	6 744 743
In-service (employee) non-members	336 082	332 026	336 082	332 026
Continuation members	9 924 631	9 788 735	9 924 631	9 788 735
Total Liability	16 359 148	16 865 504	16 359 148	16 865 504

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015	2014	2013
	Rm	Rm	Rm
Total Liability	13,895	12,908	12,243

Experience adjustments were calculated as follows:

	2015	2014	2013
	Rm	Rm	Rm
Liabilities: (Gain) / loss	0,353	0.602	-0.808
Assets: Gain / (loss)	-	-	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3 EMPLOYEE BENEFITS (continued)
3.1 Post Retirement Benefits (continued)

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Keyhealth - Hosmed.

Key actuarial assumptions used:

i) Rate of interest

	Economic Entity		Municipality	
	2017	(Restated) 2016	2017	(Restated) 2016
	%	%	%	%
Discount rate	9.40%	9.09%	9.40%	9.09%
Health Care Cost Inflation Rate	7.73%	8.20%	7.73%	8.20%
Net Effective Discount Rate	1.55%	0.82%	1.55%	0.82%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

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

	2017	(Restated) 2016	2017	(Restated) 2016
	R	R	R	R
Present value of fund obligations				
PEMA	16 359 148	16 865 504	16 359 148	16 865 504
LSA	1 778 965	1 748 137	1 778 965	1 748 137
Ex-Gratia	527 223	513 999	527 223	513 999
Total Liability	18 665 336	19 127 640	18 665 336	19 127 640

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

	2017	(Restated) 2016	2017	(Restated) 2016
	R	R	R	R
Present value of fund obligation at the beginning of the year	16 865 504	15 551 706	16 865 504	15 551 706
Total expenses	1 075 457	875 289	1 075 457	875 289
Current service cost	384 197	371 125	384 197	371 125
Interest Cost	1 497 252	1 297 711	1 497 252	1 297 711
Benefits Paid	(805 992)	(793 547)	(805 992)	(793 547)
Actuarial (Gains)/Losses	(1 581 813)	438 509	(1 581 813)	438 509
Present value of fund obligation at the end of the year	16 359 148	16 865 504	16 359 148	16 865 504
Less: Transfer of Current Portion - Note 4	(937 346)	(805 992)	(937 346)	(805 992)
Balance 30 June	15 421 802	16 059 512	15 421 802	16 059 512

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members	Continuation members	Total liability	% change
		liability	liability		
		(Rm)	(Rm)	(Rm)	
Central Assumptions		6 435	9 925	16 360	
Health care inflation	1%	7 005	10 288	17 293	6%
Health care inflation	-1%	5 698	9 479	15 177	-7%
Discount rate	1%	5 514	9 141	14 655	-10%
Discount rate	-1%	7 586	10 842	18 428	13%
Post-retirement mortality	-1yr	6 620	10 288	16 908	3%
Average retirement age	-1yr	6 913	9 925	16 838	3%
Withdrawal Rate	-10%	5 529	9 925	15 454	-6%
		Current-service Cost	Interest Cost	Total	
	Change	(R)	(R)	(R)	% change
Central Assumption		384 200	1 497 300	1 881 500	
Health care inflation	1%	427 400	1 604 800	2 032 200	8%
Health care inflation	-1%	331 000	1 369 100	1 700 100	-10%
Discount rate	1%	322 200	1 471 000	1 793 200	-5%
Discount rate	-1%	463 100	1 520 300	1 983 400	5%
Post-retirement mortality	-1yr	396 600	1 552 600	1 949 200	4%
Average retirement age	-1yr	400 700	1 547 100	1 947 800	4%
Withdrawal Rate	-10%	351 600	1 439 400	1 791 000	-5%

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3 EMPLOYEE BENEFITS (continued)

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

Roads
Other

	Economic Entity (Restated)		Municipality (Restated)	
	2017	2016	2017	2016
	96	89	96	89
	31	18	31	18
As at year end, the following number of employees were eligible for Long Service Bonuses.	127	107	127	107

Key actuarial assumptions used:

i) Rate of interest

	2017	2016	2017	2016
	%	%	%	%
Discount rate	8.44%	8.38%	8.44%	8.38%
General Salary Inflation (long-term)	6.26%	7.05%	6.26%	7.05%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.05%	1.25%	2.05%	1.25%

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

	2017	2016	2017	2016
	R	R	R	R
Present value of fund obligations	1 778 965	1 748 137	1 778 965	1 748 137
Net liability	1 778 965	1 748 137	1 778 965	1 748 137

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015	2014	2013
	R	R	R
Total Liability	1 918 246	1 689 337	1 667 638

Experience adjustments were calculated as follows:

	2015	2014	2013
Liabilities: (Gain) / loss	21 793	153 105	696 296
Assets: Gain / (loss)	-	-	-

Reconciliation of present value of fund obligation:

	Economic Entity (Restated)		Municipality (Restated)	
	2017	2016	2017	2016
	R	R	R	R
Present value of fund obligation at the beginning of the year	1 748 137	1 918 246	1 748 137	1 918 246
Total expenses	(2 688)	74 994	(2 688)	74 994
Current service cost	126 940	143 822	126 940	143 822
Interest Cost	134 119	133 343	134 119	133 343
Benefits Paid	(263 747)	(202 171)	(263 747)	(202 171)
Actuarial losses	33 516	(245 103)	33 516	(245 103)
Present value of fund obligation at the end of the year	1 778 965	1 748 137	1 778 965	1 748 137
Less: Transfer of Current Portion - Note 4	(104 535)	(303 340)	(104 535)	(303 340)
Balance 30 June	1 674 430	1 444 797	1 674 430	1 444 797

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		1 779	
General Salary inflation	+1%	1 891	6%
General Salary inflation	-1%	1 677	-6%
Discount rate	+1%	1 673	-6%
Discount rate	-1%	1 897	7%
Average retirement age	-2yr	1 586	-11%
Average retirement age	2yr	1 984	12%
Withdrawal Rate	-50%	2 048	15%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption					
Health care inflation	1%	126 900	134 100	261 000	7%
Health care inflation	-1%	117 800	126 100	243 900	-7%
Discount rate	1%	118 600	140 800	259 400	-1%
Discount rate	-1%	136 300	126 400	262 700	1%
Post-retirement mortality	-2yr	114 700	119 100	233 800	-10%
Average retirement age	2yr	141 200	150 000	291 200	12%
Withdrawal Rate	-50%	155 500	153 000	308 500	18%

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3 EMPLOYEE BENEFITS (continued)

3.3 Ex - Gratia Benefits	Economic Entity (Restated)		Municipality (Restated)	
	2017	2016	2017	2016
The Ex - Gratia plans are defined benefit plans.				
Roads	11	12	11	12
As at year end, the following number of employees were eligible for Ex - Gratia benefits.	11	12	11	12
Key actuarial assumptions used:	%	%	%	%
i) Rate of interest				
Discount rate	8.70%	8.78%	8.70%	8.78%
Benefit increase rate (CPI inflation)	5.52%	6.43%	5.52%	6.43%
Net Effective Discount Rate	3.02%	2.21%	3.02%	2.21%
	2017 R	2016 R	2017 R	2016 R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	513 999	593 177	513 999	593 177
Total expenses	38 083	46 051	38 083	46 051
Interest Cost	38 083	46 051	38 083	46 051
Actuarial (gains)/losses	(24 859)	(125 229)	(24 859)	(125 229)
Present value of fund obligation at the end of the year	527 223	513 999	527 223	513 999
Less: Transfer of Current Portion - Note 4	(171 854)	(163 904)	(171 854)	(163 904)
Balance 30 June	355 369	350 095	355 369	350 095

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		527 223	
Benefit Increase rate	+1%	544 846	3%
Benefit Increase rate	-1%	510 501	-3%
Discount rate	+1%	511 123	-3%
Discount rate	-1%	544 479	3%
Average retirement age	-1yr	537 059	2%
Withdrawal Rate	-50%	529 781	0%
	Interest Cost	Total	
Assumption	Change	(R)	% change
Central Assumption		38 083	
Pension increase rate	1%	40 011	5%
Pension increase rate	-1%	36 258	-5%
Discount rate	1%	40 467	6%
Discount rate	-1%	35 417	-7%
Average retirement age	-1yr	39 141	3%
Withdrawal Rate	-50%	38 339	1%

3.4 Retirement funds

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 claimed 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 is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3 EMPLOYEE BENEFITS (continued)

3.4 Retirement funds (continued)

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
<u>CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT</u>				
The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100,6% (30 June 2015 - 100,4%).				
Contributions paid recognised in the Statement of Financial Performance	3 898 463	3 389 452	3 898 463	3 389 452

CONSOLIDATED PENSION FUND FOR LOCAL GOVERNMENT

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 99,70% (30 June 2015 - 99,40%). Whilst this has increased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95%

Contributions paid recognised in the Statement of Financial Performance	143 057	141 987	143 057	141 987
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is 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.

Contributions paid recognised in the Statement of Financial Performance

SAMWU PROVIDENT FUND

The contribution rate payable is 7,50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

Contributions paid recognised in the Statement of Financial Performance	896 742	836 299	896 742	836 299
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3.5 EMPLOYEE BENEFITS - RECEIVABLE

Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	8 956 338	9 233 300	8 956 338	9 233 300
Department of Transport: Roads - Long Service Awards (Note 3.2)	1 210 682	1 230 113	1 210 682	1 230 113
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	527 223	513 999	527 223	513 999
	10 694 243	10 977 412	10 694 243	10 977 412
Less: Current portion transferred to current receivables	(702 561)	(724 877)	(702 561)	(724 877)
Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	(426 172)	(352 764)	(426 172)	(352 764)
Department of Transport: Roads - Long Service Awards (Note 3.2)	(104 535)	(208 209)	(104 535)	(208 209)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	(171 854)	(163 904)	(171 854)	(163 904)
	9 991 682	10 252 535	9 991 682	10 252 535
Less: Provision for Impairment	-	-	-	-
Total Long Term Receivables	9 991 682	10 252 535	9 991 682	10 252 535

DEPARTMENT OF TRANSPORT: ROADS

Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on an agency basis on behalf of the Provincial Administration.

In terms of the agreement between the Western Cape Provincial Government and past practise, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post- retirement benefits. The future claim for the provision for retirement benefits, which is derived from past services rendered by the relevant employees, has therefore been raised as a long term debtor.

The carrying amount of these assets approximates their fair value.

4 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 3	937 346	805 992	937 346	805 992
Current Portion of Long-Service Provisions - Note 3	104 535	303 340	104 535	303 340
Current Portion of Ex - Gratia Benefits - Note 3	171 854	163 904	171 854	163 904
Provision for Staff Leave	1 681 681	1 438 217	1 681 681	1 389 067
Provision for Performance Bonuses	406 957	-	406 957	-
Staff Bonuses accrued	863 634	757 372	863 634	757 372
Total Current Employee Benefits	4 166 007	3 468 824	4 166 007	3 419 675

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	1 438 216	1 561 301	1 389 067	1 515 604
Contribution to current portion	400 591	306 214	414 219	258 495
Expenditure incurred	(157 126)	(429 298)	(121 606)	(385 032)
Balance at end of year	1 681 681	1 438 217	1 681 681	1 389 067

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. There is no possibility of reimbursement.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4 CURRENT EMPLOYEE BENEFITS (continued)

	Economic Entity		Municipality	
	2017	(Restated) 2016	2017	(Restated) 2016
	R	R	R	R
<u>Provision for Performance Bonuses</u>				
Balance at beginning of year	-	-	-	-
Contribution to current portion	406 957	-	406 957	-
Expenditure incurred	-	-	-	-
Balance at end of year	<u>406 957</u>	<u>-</u>	<u>406 957</u>	<u>-</u>
<u>Staff Bonuses accrued</u>				
Balance at beginning of year	757 372	647 250	757 372	647 250
Contribution to current portion	1 581 484	1 546 779	1 581 484	1 546 779
Expenditure incurred	(1 475 222)	(1 436 657)	(1 475 222)	(1 436 657)
Balance at end of year	<u>863 634</u>	<u>757 372</u>	<u>863 634</u>	<u>757 372</u>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

5 PAYABLES FROM NON EXCHANGE TRANSACTIONS

Trade Payables - National Treasury	-	282 075	-	282 075
	<u>-</u>	<u>282 075</u>	<u>-</u>	<u>282 075</u>

6 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	3 148 911	2 379 854	3 148 911	2 379 854
Roads - Sundry creditors	1 701 870	1 581 122	1 701 870	1 581 122
Sundry Creditors	328 451	339 129	325 946	332 085
Debtors with credit balances	94 540	-	94 540	-
Total Trade Payables	<u>5 273 772</u>	<u>4 300 105</u>	<u>5 271 267</u>	<u>4 293 061</u>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. 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 payables on initial recognition is not deemed necessary. Interest and penalties on late payments may arise if payment is not done within 30 days.

The carrying value of trade and other payables approximates its fair value.

7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	1 797 930	833 573	1 797 930	829 919
National Government Grants	4 360	58 710	4 360	58 710
Provincial Government Grants	1 575 283	771 209	1 575 283	771 209
Other Grant Providers	218 286	3 654	218 286	-
Less: Unpaid Grants	1 879 068	1 140 600	1 879 068	1 140 600
National Government Grants	250 853	637 631	250 853	637 631
Other Grant Providers	1 628 215	502 969	1 628 215	502 969
Total Conditional Grants and Receipts	<u>(81 138)</u>	<u>(307 028)</u>	<u>(81 138)</u>	<u>(310 681)</u>

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

8 TAXES
VAT RECEIVABLE

VAT receivable	436 934	434 306	436 934	434 306
VAT Payable	(2 645)	(269 409)	(2 645)	(269 409)
Total VAT receivable	<u>434 289</u>	<u>164 897</u>	<u>434 289</u>	<u>164 897</u>

VAT is receivable/payable on the cash basis.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2017

ECONOMIC ENTITY

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Re-classification	Restated opening balance	Additions	Disposals	Closing Balance	Opening Balance	Re-classification	Restated opening balance	Depreciation Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	5 291 060	-	5 291 060	-	-	5 291 060	1 967 776	-	1 967 776	33 689	-	2 001 465	3 289 595
Land	812 200	-	812 200	-	-	812 200	-	23 200	23 200	-	-	23 200	789 000
Buildings	4 478 860	-	4 478 860	-	-	4 478 860	1 967 776	(23 200)	1 944 576	33 689	-	1 978 265	2 500 595
Community Assets	1 031 423	-	1 031 423	-	-	1 031 423	227 271	-	227 271	8 730	-	236 001	795 423
Buildings	1 031 423	-	1 031 423	-	-	1 031 423	227 271	-	227 271	8 730	-	236 001	795 423
Other Assets	5 308 330	0	5 308 329	1 018 936	(277 462)	6 049 803	3 048 369	-	3 048 369	271 402	(230 335)	3 089 436	2 960 367
Machinery and Equipment	1 318 207	(725 518)	592 689	295 403	-	888 092	476 360	(374 148)	102 212	51 946	-	154 158	733 934
Furniture and Equipment	1 455 319	707 279	2 162 598	50 680	(277 462)	1 935 816	814 555	591 427	1 405 982	99 254	(230 335)	1 274 901	660 915
Office Equipment - Computers	1 180 070	(261 761)	918 309	161 386	-	1 079 695	830 001	(217 280)	612 721	46 468	-	659 189	420 506
Motor vehicles	1 354 733	280 000	1 634 733	511 467	-	2 146 200	927 453	1	927 454	73 734	-	1 001 188	1 145 012
	11 630 813	0	11 630 812	1 018 936	(277 462)	12 372 286	5 243 415	-	5 243 415	313 821	(230 335)	5 326 902	7 045 385

Opening balances were reclassified to align the note on Property, Plant and Equipment with the Fixed Asset Register.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

30 JUNE 2016

ECONOMIC ENTITY

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Re-classification	Restated opening balance	Additions	Disposals	Closing Balance	Opening Balance	Re-classification	Restated opening balance	Depreciation Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	5 291 060	-	5 291 060	-	-	5 291 060	1 912 901	-	1 912 901	54 875	-	1 967 776	3 323 284
Land	812 200	-	812 200	-	-	812 200	-	-	-	-	-	-	812 200
Buildings	4 478 860	-	4 478 860	-	-	4 478 860	1 912 901	-	1 912 901	54 875	-	1 967 776	2 511 084
Community Assets	1 031 424	-	1 031 424	-	-	1 031 424	200 466	-	200 466	26 804	-	227 271	804 153
Buildings	1 031 424	-	1 031 424	-	-	1 031 424	200 466	-	200 466	26 804	-	227 271	804 153
Other Assets	4 602 769	-	4 602 769	714 015	(8 455)	5 308 329	2 857 409	-	2 857 409	192 025	(1 065)	3 048 369	2 259 960
Machinery and Equipment	676 037	-	676 037	643 545	(1 375)	1 318 207	424 427	-	424 427	52 998	(1 065)	476 360	841 847
Furniture and Equipment	1 432 764	-	1 432 764	22 555	-	1 455 319	769 359	-	769 359	45 196	-	814 555	640 764
Office Equipment - Computers	1 139 235	-	1 139 235	47 915	(7 080)	1 180 070	793 317	-	793 317	36 684	-	830 001	350 069
Motor vehicles	1 354 733	-	1 354 733	-	-	1 354 733	870 306	-	870 306	57 147	-	927 453	427 280
	10 925 253	-	10 925 253	714 015	(8 455)	11 630 813	4 970 776	-	4 970 776	273 705	(1 065)	5 243 416	6 387 397

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

30 JUNE 2017

MUNICIPALITY

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation and Impairment Losses						Carrying Value	
	Opening Balance	Re-classification	Restated opening balance	Additions	Disposals	Closing Balance	Opening Balance	Re-classification	Restated opening balance	Depreciation Charge	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	5 291 060	-	5 291 060	-	-	5 291 060	1 967 776	-	1 967 776	33 689	-	2 001 465	3 289 595
Land	812 200	-	812 200	-	-	812 200	-	23 200	23 200	-	-	23 200	789 000
Buildings	4 478 860	-	4 478 860	-	-	4 478 860	1 967 776	(23 200)	1 944 576	33 689	-	1 978 265	2 500 595
Community Assets	1 031 423	-	1 031 423	-	-	1 031 423	227 271	-	227 271	8 730	-	236 001	795 423
Buildings	1 031 423	-	1 031 423	-	-	1 031 423	227 271	-	227 271	8 730	-	236 001	795 423
Other Assets	5 308 330	0	5 308 330	1 018 936	(277 462)	6 049 804	3 048 369	-	3 048 369	271 402	(230 335)	3 089 436	2 960 367
Machinery and Equipment	1 318 207	(725 518)	592 689	295 403	-	888 092	476 360	(374 148)	102 212	51 946	-	154 158	733 934
Furniture and Equipment	1 455 319	707 279	2 162 598	50 680	(277 462)	1 935 816	814 555	591 427	1 405 982	99 254	(230 335)	1 274 901	660 915
Office Equipment - Computers	1 180 070	(261 761)	918 309	161 386	-	1 079 695	830 001	(217 280)	612 721	46 468	-	659 189	420 506
Motor vehicles	1 354 733	280 000	1 634 733	511 467	-	2 146 200	927 453	1	927 454	73 734	-	1 001 188	1 145 012
	11 630 813	0	11 630 813	1 018 936	(277 462)	12 372 287	5 243 415	-	5 243 415	313 821	(230 335)	5 326 902	7 045 385

Opening balances were reclassified to align the note on Property, Plant and Equipment with the Fixed Asset Register.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

30 JUNE 2016

MUNICIPALITY

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation and Impairment Losses					Carrying Value		
	Opening Balance	Re-classification	Restated opening balance	Additions	Disposals	Closing Balance	Opening Balance	Re-classification	Restated opening balance	Depreciation Charge		Disposals	Closing Balance
	R	R		R	R	R	R		R	R	R	R	
Land and Buildings	5 291 060	-	-	-	-	5 291 060	1 912 901	-	-	54 875	-	1 967 776	3 323 284
Land	812 200	-	-	-	-	812 200	-	-	-	-	-	-	812 200
Buildings	4 478 860	-	-	-	-	4 478 860	1 912 901	-	-	54 875	-	1 967 776	2 511 084
Community Assets	1 031 424	-	-	-	-	1 031 424	200 466			26 805	-	227 271	804 153
Buildings	1 031 424	-	-	-	-	1 031 424	200 466			26 805	-	227 271	804 153
Other Assets	4 602 769	-	-	714 015	(8 455)	5 308 329	2 857 409			192 025	(1 065)	3 048 369	2 259 961
Machinery and Equipment	676 037	-	-	643 545	(1 375)	1 318 207	424 427			52 998	(1 065)	476 360	841 847
Furniture and Equipment	1 432 764	-	-	22 555	-	1 455 319	769 359			45 196	-	814 555	640 764
Office Equipment - Computers	1 139 235	-	-	47 915	(7 080)	1 180 070	793 317			36 684	-	830 001	350 070
Motor vehicles	1 354 733	-	-	-	-	1 354 733	870 306			57 147	-	927 453	427 280
	10 925 253	-	-	714 015	(8 455)	11 630 813	4 970 776			273 705	(1 065)	5 243 416	6 387 398

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

The effect of the Change in Accounting estimates due to the review of useful lives and residual values is as follows

2 017 2 018 2 019
R R R

Increase / (Decrease) in depreciation on other assets for the year

320 983 310 712 302 284

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
10 INTANGIBLE ASSETS				
Computer Software				
Net Carrying amount at 1 July	57 348	61 126	57 348	61 126
Cost	165 762	158 882	165 762	158 882
Accumulated Amortisation	(108 414)	(97 756)	(108 414)	(97 756)
Additions	37 069	10 055	37 069	10 055
Disposals	-	(3 175)	-	(3 175)
Amortisation	(12 007)	(10 658)	(12 007)	(10 658)
Net Carrying amount at 30 June	82 410	57 348	82 410	57 348
Cost	202 831	165 762	202 831	165 762
Accumulated Amortisation	(120 421)	(108 414)	(120 421)	(108 414)

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value		Carrying Value	
		2017 R	2016 R	2017 R	2016 R
Microsoft Office and other software	5	82 410	57 348	82 410	57 348

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.

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
11 LOAN TO CKEDA				
Central Karoo Economic Development Agency SOC Ltd				
Shares	-	-	100	100
Opening Balance	-	-	-	1 331 560
Contribution towards loan	-	-	457 424	900 542
Impairment	-	-	(457 524)	(2 232 202)
	-	-	-	-

The investment has no terms and conditions nor is it secured. There is also no intention to collect.

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
12 INVENTORY				
Maintenance Materials - At cost	757 281	763 677	757 281	763 677
Consumable Stores - Milk - At cost	57 278	48 869	57 278	48 869
Total Inventory	814 559	812 546	814 559	812 546
Inventory recognised as an expense during the year	1 389 934	7 683 375	1 389 934	7 683 375

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
13 RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Roads - Sundry debtors	6 443 003	3 061 351	6 443 003	3 061 351
Total Net Receivables from Exchange Transactions	6 443 003	3 061 351	6 443 003	3 061 351

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
14 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
Other Debtors	2 073 132	977 465	2 073 132	977 465
Unidentified Expenditure	-	-	-	-
Total Receivables from Non-Exchange Transactions	2 073 132	977 465	2 073 132	977 465
Less: Allowance for Doubtful Debts	(78 830)	(418 176)	(78 830)	(418 176)
Total Net Receivables from Non-Exchange Transactions	1 994 302	559 289	1 994 302	559 289

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

14 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
Reconciliation of Provision for Bad Debts				
Balance at beginning of year	418 176	285 545	418 176	285 545
Contribution to provision/(Reversal of provision)	(224 432)	132 630	(224 432)	132 630
Bad Debts Written Off	(114 914)	-	(114 914)	-
Balance at end of year	78 830	418 176	78 830	418 176

The entire provision for bad debts relates to outstanding balances older than 180 days.

15 OPERATING LEASE ARRANGEMENTS

Operating leases currently under the control of the Central Karoo District Municipality has no end date to the contracts. There will therefore be no calculation for the smoothing of these leases.

16 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	3 067 159	2 693 787	3 067 159	2 693 787
Bank Accounts	(76 988)	3 398 010	(79 958)	3 394 356
Cash Floats	1 300	1 300	1 300	1 300
Total Cash and Cash Equivalents - Assets	2 991 471	6 093 097	2 988 501	6 089 443

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R3 019 640 are held to fund the Unspent Conditional Grants (2016: R2 693 787).

The municipality has the following bank accounts:

Current Accounts

Combined Accounts	(76 988)	3 398 010	(79 958)	3 394 356
	(76 988)	3 398 010	(79 958)	3 394 356

ABSA Bank Account Number 1540 0000 14 (Cheque Account)

Bank statement balance at beginning of year	277 176	915 529	277 176	915 529
Bank statement balance at end of year	91 833	277 176	91 833	277 176

First National Bank Account Number 6206 2151 429 (Cheque Account)

Bank statement balance at beginning of year	1 284 594	3 652 498	1 284 594	3 652 498
Bank statement balance at end of year	(171 791)	1 284 594	(171 791)	1 284 594

Nedbank 1055237526

Bank statement balance at beginning of year	3 654	4 641	-	-
Bank statement balance at end of year	2 970	3 654	-	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16 CASH AND CASH EQUIVALENTS (continued)

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
Combined Accounts				
Cash book balance at beginning of year	3 403 599	4 716 904	3 403 599	4 716 904
Cash book balance at end of year	(76 988)	3 403 599	(79 958)	3 403 599

Both bank accounts are posted to a single cash book in the general ledger

Call Investments Deposits

Call investment deposits consist out of the following accounts:

Nedbank - 03 / 7881125551 / 01	1 701 870	1 581 122	1 701 870	1 581 122
Nedbank - 03 / 7881114568 / 01	1 317 771	1 112 665	1 317 771	1 112 665
First Rand Bank Limited - 6223 6004 355	47 518	-	47 518	-
	3 067 159	2 693 787	3 067 159	2 693 787

17 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	19 416 000	19 324 000	19 416 000	19 324 000
Equitable Share	19 416 000	19 324 000	19 416 000	19 324 000
Conditional Grants	9 263 427	12 988 177	9 259 773	12 987 191
Grants and donations	9 263 427	12 988 177	9 259 773	12 987 191
Total Government Grants and Subsidies	28 679 427	32 312 177	28 675 773	32 311 191
Government Grants and Subsidies - Capital	882 942	-	882 942	-
Government Grants and Subsidies - Operating	27 796 485	32 312 177	27 792 831	32 311 191
	28 679 427	32 312 177	28 675 773	32 311 191

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	19 416 000	19 324 000	19 416 000	19 324 000
Public Safety	964 572	-	964 572	-
CKEDA	3 654	987	-	-
Executive and Council	1 670 515	3 390 016	1 670 515	3 390 016
Budget and Treasury	4 056 507	6 766 857	4 056 507	6 766 857
Corporate Services	2 368 180	1 900 318	2 368 180	1 900 318
Planning and Development	200 000	930 000	200 000	930 000
	28 679 427	32 312 177	28 675 773	32 311 191

The municipality does not expect any significant changes to the level of grants.

17.1 Equitable share

Grants received	19 416 000	19 324 000	19 416 000	19 324 000
Conditions met - Operating	(19 416 000)	(19 324 000)	(19 416 000)	(19 324 000)
Conditions met	-	-	-	-

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.

17.3 Local Government Financial Management Grant (FMG)

Opening balance	(2 068)	(2 068)	(2 068)	(2 068)
Grants received	1 250 000	1 250 000	1 250 000	1 250 000
Conditions met - Operating	(1 247 932)	(1 250 000)	(1 247 932)	(1 250 000)
Grants to be recovered	(0)	(2 068)	(0)	(2 068)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

17 GOVERNMENT GRANTS AND SUBSIDIES (continued)

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
17.6 Doring veld Project				
Opening balance	(229 849)	-	(229 849)	-
Grants received	465 016	651 559	465 016	651 559
Conditions met - Operating	(1 117 616)	(881 409)	(1 117 616)	(881 409)
Conditions to be met/(Grants to be recovered)	(882 449)	(229 849)	(882 449)	(229 849)
Grant utilised for the eradication of alien vegetation.				
17.7 Other Grants				
Opening balance	(75 111)	1 704 745	(78 765)	1 700 105
Grants received	7 833 300	8 146 912	7 833 300	8 146 912
Conditions met - Operating	(6 014 938)	(9 404 108)	(6 011 284)	(9 403 121)
Repayment to National Revenue Fund	(59 000)	-	(59 000)	-
Conditions met - Capital	(882 942)	(522 661)	(882 942)	(522 661)
Conditions still to be met	801 309	(75 112)	801 309	(78 765)
Various grants were received from other spheres of government.				
17.8 Total Grants				
Opening balance	(307 028)	1 702 679	(310 682)	1 698 038
Grants received	28 964 316	30 302 472	28 964 316	30 302 471
Conditions met - Operating	(27 796 485)	(31 789 517)	(27 792 830)	(31 788 530)
Conditions met - Capital	(882 942)	(522 661)	(882 942)	(522 661)
Repayment to National Revenue Fund	(59 000)	-	(59 000)	-
Conditions still to be met/(Grant expenditure to be recovered)	(81 139)	(307 027)	(81 138)	(310 682)
Disclosed as follows:				
Unspent Conditional Government Grants and Receipts	1 797 929	833 573	1 797 930	829 919
Unpaid Conditional Government Grants and Receipts	(1 879 068)	(1 140 601)	(1 879 068)	(1 140 601)
	(81 139)	(307 027)	(81 138)	(310 682)
18 AGENCY SERVICES				
Commission on Agency services: Department of Transport: Western Cape	3 328 024	3 077 276	3 328 024	3 077 276
	3 328 024	3 077 276	3 328 024	3 077 276
The municipality has service level agreements with Department Transport Western Cape for rendering of services regarding the roads function within its area. The commission is calculated at a pre-determined rate.				
19 OTHER REVENUE				
National Treasury 1% audit fee	1 612 946	1 290 698	1 612 946	1 290 698
	1 612 946	1 290 698	1 612 946	1 290 698
In terms of Section 23(6) of the Public Audit Act any audit fee exceeding 1% of the total operating and capital expenditure for the current year must be defrayed from National Treasury.				
20 OTHER INCOME				
Ramms Admin fee	77 945	394 920	77 945	394 920
LG Seta admin fee	51 071	157 500	51 071	157 500
Sundry Income	53 233	365 104	53 233	365 104
EPWP Admin fee	-	-	-	-
Photostat and Faxes	1 284	667	1 284	667
Private Work - Roads Department	-	1 045	-	1 045
Commission	17 323	11 480	17 323	11 480
Samples: Milk and Water	9 320	29 220	9 320	29 220
Milk Sales	185 548	213 943	185 548	213 943
Insurance Claims	96 250	-	96 250	-
Total Other Income	491 974	1 173 878	491 974	1 173 878

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

21	EMPLOYEE RELATED COSTS	Economic Entity		Municipality	
		2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
	Employee Related Costs - Salaries and Wages	24 988 446	22 488 050	24 875 535	22 048 311
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	5 708 358	4 215 707	5 702 358	4 194 557
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 097 580	1 247 316	1 097 580	1 247 316
	Housing Benefits and Allowances	249 859	240 347	249 859	240 347
	Overtime Payments	417 250	723 025	417 250	716 025
	Bonuses	1 988 441	1 556 386	1 966 894	1 501 618
	Leave Provision	400 592	261 948	414 220	258 495
	Long Service Awards	-	-	-	-
	Contribution to provision - Long Service Awards	257 461	143 135	257 461	143 135
	Contribution to provision - Post Retirement Medical	(13 224)	371 704	(13 224)	371 704
	Total Employee Related Costs	35 094 763	31 247 616	34 967 933	30 721 507
KEY MANAGEMENT PERSONNEL					
Municipal Manager is appointed on a 5-year contract and all the other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period. Acting allowances are immaterial.					
REMUNERATION OF KEY MANAGEMENT PERSONNEL					
Remuneration of the Municipal Manager - Mr S Jooste					
	Annual Remuneration	986 465	912 660	986 465	912 660
	Travelling Reimbursement	360 000	360 000	360 000	360 000
	Performance Bonuses	42 272	-	42 272	-
	Telephone allowance	18 000	18 000	18 000	18 000
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	29 848	28 277	29 848	28 277
	Total	1 436 585	1 318 937	1 436 585	1 318 937
Remuneration of the Chief Financial Officer - Ms UM Baartman (appointed 1 March 2017)					
	Annual Remuneration	155 582	-	155 582	-
	Travelling Reimbursement	27 663	-	27 663	-
	Performance Bonuses	29 838	-	29 838	-
	Telephone allowance	4 000	-	4 000	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	44 081	-	44 081	-
	Total	261 164	-	261 164	-
Remuneration of the Director Technical Services - J Theron					
	Annual Remuneration	816 425	770 137	816 425	770 137
	Travelling Reimbursement	100 000	100 000	100 000	100 000
	Performance Bonus	35 591	-	35 591	-
	Telephone allowance	4 000	-	4 000	-
	Contributions - UIF, Medical, Pension	196 153	186 306	196 153	186 306
	Total	1 152 169	1 056 443	1 152 169	1 056 443
Remuneration of the Director Corporate and Support Services - J Jonkers					
	Annual Remuneration	116 686	551 914	116 686	551 914
	Travelling Reimbursement	30 000	42 000	30 000	42 000
	Telephone allowance	4 000	-	4 000	-
	Contributions - UIF, Medical, Pension	27 938	113 079	27 938	113 079
	Total	178 624	706 993	178 624	706 993

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
22 REMUNERATION OF COUNCILLORS				
Mayor	580 385	785 200	580 385	785 200
Executive Committee Members	974 580	1 247 096	974 580	1 247 096
Councillors	1 650 638	1 077 228	1 650 638	1 077 228
Total Councillors' Remuneration	3 205 603	3 109 524	3 205 603	3 109 524
<i>In-kind Benefits</i>				
The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee members are full-time Councillors. Each are provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council Transportation when engaged in official duties.				
23 DEBT IMPAIRMENT/REVERSAL				
Trade Receivables from non-exchange transactions - Note 14	(224 432)	132 630	(224 432)	132 630
Debt impairment recognised in statement of financial performance	(224 432)	132 630	(224 432)	132 630
24 DEPRECIATION AND AMORTISATION				
Property Plant and Equipment	313 821	273 705	313 821	273 705
Intangible Assets	12 007	10 658	12 007	10 658
	325 828	284 363	325 828	284 365
25 IMPAIRMENTS				
Non-Current Investments	-	-	457 424	900 642
Property, Plant and Equipment	-	-	-	-
	-	-	457 424	900 642
In terms of a council resolution the operations of CKEDA ceased. There is no probability that the outstanding amount will be collected and thus council decided to impair the loan to CKEDA.				
26 FINANCE CHARGES				
Employee Benefits	1 669 454	1 477 105	1 669 454	1 477 105
Less: Employee benefits transferred to Roads. Refer to note 3.5	(823 630)	(836 999)	(823 630)	(836 999)
Finance leases	11 438	13 723	11 438	13 723
Total finance charges	857 262	653 829	857 262	653 829
27 REPAIRS AND MAINTENANCE				
Buildings	82 100	813 113	82 100	813 113
Furniture and Equipment	2 234	32 921	2 234	32 921
General	2 561	1 060	2 561	1 060
Road Workings	10 506 078	12 336 384	10 506 078	12 336 384
Vehicle Repair and Maintenance	26 035	32 254	26 035	32 254
Total Operating grant expenditure	10 619 008	13 215 731	10 619 008	13 215 731

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
28 GENERAL EXPENSES				
Advertisements	88 476	108 136	88 476	108 136
Audit fees	2 344 031	2 707 912	2 085 785	2 506 016
Awareness days	21 978	105 158	21 978	105 158
Bank Charges	11 509	27 304	10 826	26 318
Compensation Commission	-	114	-	114
Computer Expenses	465 789	465 258	462 511	456 243
Department of Transport - Roads Service Charges	400	(0)	400	(0)
DWAF operational costs	-	16 056	-	16 056
Electricity, Water and Sanitation	495 646	495 342	495 146	483 662
Entertainment	38 832	33 595	38 832	33 595
Entertainment: Deputy Mayor	2 332	19 770	2 332	19 770
Entertainment: Mayor	229 235	164 587	229 235	164 587
Entertainment: Speaker	26 175	49 908	26 175	49 908
Expanded Public Works Program	27 133	7 415	27 133	7 415
Fire Extinguishers	10 352	9 875	10 352	9 875
Fuel and Oil	21 781	70 245	21 781	70 245
Household Expenses	36 096	32 552	36 096	32 552
Implement Projects	71 782	41 715	71 782	41 715
Internal Auditing	401 213	587 013	401 213	587 013
Insurance General	122 436	117 408	122 436	117 408
Integrated Development Plan : Economic	2 975	5 597	2 975	5 597
Integrated Development Plan : Financial Services	1 724 854	651 783	1 724 854	651 783
Integrated Development Plan : Revaluation	564 865	578 775	564 865	578 775
Inventory Items used - Department of Roads	1 231 341	7 515 231	1 231 341	7 515 231
Legal Fees	77 403	103 621	77 403	103 621
Membership Fees	534 965	519 811	534 965	519 811
Milk Powder	158 593	168 145	158 593	168 145
Penalties & Interest SARS	6 304	73 583	6 304	73 583
Printing and Stationery	179 651	173 435	179 651	173 435
Public Functions	106 684	133 055	106 684	133 055
Rates	156 690	82 402	156 690	82 402
Registration and Congress Fees	34 256	10 920	34 256	10 920
Rent	8 575	62 997	8 575	62 997
Rent Equipment	1 102	-	1 102	-
Samples: Milk, Water and Food	35 146	28 908	35 146	28 908
Shared services	2 750	117 234	2 750	117 234
Study Fund	148 584	103 129	148 584	103 129
Sundry Expenditure	328 643	195 599	326 985	114 638
Sundry Projects	4 470 888	7 640 420	4 470 888	7 640 420
Survey Fees	499 362	-	499 362	-
Telephone and Postage	576 255	545 416	569 681	520 199
Training	79 997	135 259	79 997	135 259
Training Fund	260 760	536 909	260 760	536 909
Travel and Subsistence	1 915 614	2 554 109	1 908 964	2 498 074
Travel and Subsistence: Council	523 541	687 452	523 541	687 452
Workmen's Compensation Contributions	227 641	315 513	227 641	315 513
General Expenses	18 272 636	27 998 662	17 995 046	27 612 872

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

29 CORRECTION OF ERROR IN TERMS OF GRAP 3

	Economic Entity			Municipality		
	2016 Previously reported	Adjustments for errors	2016 Restated	2016 Previously reported	Adjustments for errors	2016 Restated
STATEMENT OF FINANCIAL POSITION						
Accumulated Surplus/(Deficit)	(2 532 853)	4 865 003	2 332 150	(2 483 041)	4 871 381	2 388 341
Long-term Liabilities	140 367	-	140 367	140 367	-	140 367
Long-term Employee benefits	17 854 404	-	17 854 404	17 854 404	-	17 854 404
Current employee benefits	3 468 824	-	3 468 824	3 419 675	-	3 419 674
Payables from non exchange transactions	282 075	(0)	282 075	282 075	(0)	282 075
Payables from exchange transactions	6 113 915	(1 813 809)	4 300 106	6 113 252	(1 820 191)	4 293 061
Unspent Conditional Government Grants and Receipts	833 573	-	833 573	829 919	-	829 919
Current Portion of Long-term Liabilities	42 442	-	42 442	42 442	-	42 442
Total Net Assets and Liabilities	26 202 747	3 051 194	29 253 941	26 199 093	3 051 190	29 250 283
Property, Plant and Equipment	6 387 399	-	6 387 399	6 387 398	-	6 387 397
Intangible Assets	57 349	-	57 349	57 349	-	57 348
Employee benefits	10 252 535	-	10 252 535	10 252 535	-	10 252 535
Inventory	812 546	-	812 546	812 546	-	812 546
Receivables from exchange transactions	-	3 061 351	3 061 351	-	3 061 351	3 061 351
Receivables from non-exchange transactions	560 207	(918)	559 289	560 206	(918)	559 289
Unpaid Conditional Government Grants and Receipts	1 140 600	-	1 140 600	1 140 600	-	1 140 600
Taxes	164 897	-	164 897	164 897	-	164 897
Employee benefits	724 877	-	724 877	724 877	0	724 877
Cash and Cash Equivalents	6 102 340	(9 243)	6 093 097	6 098 686	(9 243)	6 089 443
Total Assets	26 202 747	3 051 190	29 253 941	26 199 093	3 051 191	29 250 283
REVENUE						
Government Grants and Subsidies - Operating	32 312 177	-	32 312 177	32 311 191	-	32 311 191
Debt Impairment	-	-	-	-	-	-
Actuarial Gains	370 332	(370 332)	-	370 332	(370 332)	-
National Treasury 1% audit fee	1 290 698	-	1 290 698	1 290 698	-	1 290 698
Rental of Facilities and Equipment	69 727	-	69 727	69 727	-	69 727
Interest Earned - external investments	631 914	-	631 914	631 914	-	631 914
Department of Transport - Roads Service Charges	40 096 116	5 405 977	45 502 093	40 096 116	5 405 977	45 502 093
Licences and Permits	15 560	-	15 560	15 560	-	15 560
Agency Services	3 077 276	-	3 077 276	3 077 277	-	3 077 276
Other Income	2 887 263	(1 713 384)	1 173 879	2 887 263	(1 713 384)	1 173 878
Total Revenue	80 751 063	3 322 262	84 073 323	80 750 077	3 322 262	84 072 337
EXPENDITURE						
Employee related costs	31 197 936	49 681	31 247 617	30 671 826	49 681	30 721 507
Remuneration of Councillors	3 109 524	-	3 109 524	3 109 524	-	3 109 524
Debt Impairment	132 630	-	132 630	132 630	-	132 630
Depreciation and Amortisation	284 365	-	284 364	284 365	-	284 365
Impairments	-	-	-	900 642	-	900 642
Repairs and Maintenance	13 215 731	-	13 215 731	13 215 731	-	13 215 731
Actuarial losses	438 509	(370 332)	68 177	438 509	(370 332)	68 177
Finance Charges	653 829	-	653 829	653 829	-	653 829
Contracted services	240 488	-	240 488	240 488	-	240 488
General Expenses	29 406 378	(1 407 719)	27 998 659	29 020 588	(1 407 716)	27 612 872
Loss on disposal of Property,Plant and Equipment	10 565	-	10 565	10 565	-	10 565
Total Expenditure	78 689 955	(1 728 370)	76 961 583	78 678 697	(1 728 367)	76 950 330
NET SURPLUS FOR THE YEAR	2 061 108	5 050 631	7 111 741	2 071 381	5 050 628	7 122 007

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

29 CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)

The comparative figures were adjusted as follows:

	Economic Entity				Municipality	
	2016 (Previously reported) R	2016 (Adjustments) R	2016 (Restated) R	2016 (Previously reported) R	2016 (Adjustments) R	2016 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Other	46 062 144	269 870	46 332 014	46 062 141	261 830	46 323 971
Government	30 302 472	(1)	30 302 471	30 302 472	(1)	30 302 471
Interest	631 914	(0)	631 914	631 914	(0)	631 914
Payments						
Suppliers and employees	(77 347 833)	(279 111)	(77 626 944)	(76 446 201)	(271 074)	(76 717 275)
Finance charges	(13 723)	-	(13 722)	(13 723)	-	(13 723)
Transfers and Grants	-	-	-	-	-	-
Cash generated by operations	(365 026)	(9 242)	(374 269)	536 603	(9 246)	527 356
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Property, Plant and Equipment	(528 945)	-	(528 945)	(528 945)	-	(528 945)
Purchase of Investment property	-	-	-	-	-	-
Purchase of Intangible Assets	(10 055)	-	(10 055)	(10 055)	-	(10 055)
Decrease/(Increase) in Non-current Investments	-	-	-	(900 642)	-	(900 642)
Net Cash from Investing Activities	(539 000)	-	(539 000)	(1 439 642)	-	(1 439 642)
CASH FLOW FROM FINANCING ACTIVITIES						
Repayment of finance lease	(56 232)	-	(56 232)	(56 232)	-	(56 232)
Net Cash from Financing Activities	(56 232)	-	(56 232)	(56 232)	-	(56 232)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(960 258)	(9 242)	(969 500)	(959 271)	(9 246)	(968 517)
Cash and Cash Equivalents at the beginning of the year	7 062 598	(0)	7 062 598	7 057 956	0	7 057 956
Cash and Cash Equivalents at the end of the year	6 102 340	(9 243)	6 093 097	6 098 686	(9 243)	6 089 443
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(960 258)	(9 243)	(969 502)	(959 271)	(9 247)	(968 517)

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

29 CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)

	Economic Entity	Municipality
29.1 Receivables from exchange transaction		
<i>Balance previously reported - 30 June</i>	-	-
Correction of Roads Subsidy to be reflected in correct accounting period	3 061 351	3 061 351
Restated Balance	3 061 351	3 061 351
	2016	2016
	R	R
29.2 Payables from exchange transaction		
<i>Balance previously reported - 30 June</i>	6 113 252	6 113 252
Workmens Compensation for 2014/15 not paid during the period	179 247	179 247
Workmens Compensation for 2015/16 not paid during the period	315 513	315 513
Pension fund contributions paid incorrectly	68 296	68 296
Correction of Roads Subsidy to be reflected in correct accounting period	(2 344 626)	(2 344 626)
Correction of third party payments for the previous year recognised during the current year	(38 621)	(38 621)
CKEDA presentation error	7 045	-
Restated Balance	4 300 106	4 293 061
29.3 Receivables from non-exchange transactions		
<i>Balance previously reported - 30 June</i>	560 207	560 207
Receipt recognised in the previous financial year, incorrectly journalised during current year	(918)	(918)
Restated Balance	559 289	559 289
29.4 Cash and cash equivalents		
<i>Balance previously reported - 30 June</i>	6 102 340	6 098 686
Corrections made due to adjustments in the bank reconciliation for amounts recognised during the wrong year	41 106	41 106
Corrections made due to adjustments in the bank reconciliation for amounts recognised during the wrong year	(50 349)	(50 349)
Restated Balance	6 093 097	6 089 443
29.5 Other income		
<i>Balance previously reported - 30 June</i>	2 887 263	2 887 263
Income not recognised in correct financial year.	269	269
Income not recognised in correct financial year.	(459)	(459)
Income not recognised in correct financial year.	300	300
Other income corrected for audit fee amounts paid on behalf of local municipalities	(1 712 576)	(1 712 576)
Income not recognised in correct financial year.	(918)	(918)
Restated Balance	1 173 879	1 173 878
29.6 Employee related costs		
<i>Balance previously reported - 30 June</i>	31 197 936	30 671 826
Correction of third party payments for the previous year recognised during the current year	(23 999)	(23 999)
Correction of third party payments for the previous year recognised during the current year	(13 632)	(13 632)
Correction of third party payments for the previous year recognised during the current year	19 016	19 016
Pension fund contributions treated incorrectly during the previous year	68 296	68 296
Restated Balance	31 247 617	30 721 507
29.7 General expenses		
<i>Balance previously reported - 30 June</i>	29 406 378	29 020 588
Commission for previous year not recognised during the period	(14 353)	(14 353)
Expenditure reconised during the wrong financial period	(27 933)	(27 933)
Audit fees corrected for amounts paid on behalf of local municipalities	(1 712 576)	(1 712 576)
Expenditure reconised during the wrong financial period	31 633	31 633
Workmens Compensation for 2015/16 not paid during the period	315 513	315 513
Restated Balance	27 998 662	27 612 872
29.8 Actuarial gains		
<i>Balance previously reported - 30 June</i>	370 332	370 332
Netting off of Actuarial Gains and Losses	(370 332)	(370 332)
Restated Balance	0	0
29.9 Actuarial Losses		
<i>Balance previously reported - 30 June</i>	438 509	438 509
Netting off of Actuarial Gains and Losses	(370 332)	(370 332)
Restated Balance	68 177	68 177
29.1 Department of Transport - Roads Service Charges		
<i>Balance previously reported - 30 June</i>	40 096 116	40 096 116
Reclassifying of income into the coreect financial period	3 061 351	3 061 351
Correction of release of income into the correct financial period	2 344 626	2 344 626
Restated Balance	45 502 093	45 502 093

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
30 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS				
Surplus for the year	1 216 907	7 111 738	1 160 248	7 122 010
Adjustments for:				
Depreciation	313 821	273 707	313 821	273 707
Amortisation of Intangible Assets	12 007	10 658	12 007	10 658
Gain on disposal of property, plant and equipment	-	-	-	-
Loss on disposal of Property, Plant and Equipment	47 128	10 565	47 128	10 565
Interest on Employee benefits	1 669 454	1 477 105	1 669 454	1 477 105
Contribution to provisions – bad debt	(224 432)	132 630	(224 432)	132 630
Bad debts written off	(114 914)	-	(114 914)	-
Contribution to current employee benefits	2 389 032	70 956	2 402 660	67 504
Benefits paid current employee benefits	(1 632 348)	-	(1 596 827)	-
Contribution non-current employee benefits	511 137	912 415	511 137	912 415
Benefits paid non-current employee benefits	(1 069 739)	-	(1 069 739)	-
Actuarial (Gains)/Losses	(1 573 156)	68 177	(1 573 156)	68 177
Non - cash movement in employee benefits	283 169	(741 144)	283 169	(741 144)
Transfers and Grants	-	-	-	-
Impairment written off	-	-	457 424	900 642
Grants Received	28 964 316	30 302 471	28 964 316	30 302 471
Grant Expenditure	(28 679 427)	(32 312 177)	(28 675 774)	(32 311 191)
Operating Surplus before changes in working capital	2 112 954	7 317 101	2 566 523	8 225 548
Changes in working capital	(4 057 134)	(7 691 372)	(4 052 594)	(7 698 187)
Decrease in Trade and Other Payables	691 591	(3 003 085)	696 131	(3 001 854)
Increase in Taxes	(269 392)	(53 155)	(269 392)	(53 155)
(Increase)/Decrease in Inventory	(2 014)	108 928	(2 014)	108 928
(Increase)/Decrease in Trade and other receivables	(4 477 319)	(4 744 061)	(4 477 319)	(4 752 106)
Cash generated by operations	(1 944 178)	(374 267)	(1 486 070)	527 357
31 NON - CASH INVESTING AND FINANCING ACTIVITIES				
31.1 Employee benefits				
Movements for the year	(402 803)	-	(402 803)	-
Non - Cash movement current portion of employee benefits	260 853	(741 144)	260 853	(741 144)
	<u>(141 950)</u>	<u>(741 144)</u>	<u>(141 950)</u>	<u>(741 144)</u>
31.2 Current Employee benefits				
Movements for the year	(59 501)	322 962	(59 501)	322 962
Non - Cash movement current portion of employee benefits	22 316	(223 171)	22 316	(223 171)
	<u>(37 185)</u>	<u>99 791</u>	<u>(37 185)</u>	<u>99 791</u>
31.3 Long term receivables				
Movements for the year	(260 853)	741 144	(260 853)	741 144
Non - Cash movement current portion of employee benefits	260 853	(741 144)	260 853	(741 144)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31.4 Short term receivables				
Movements for the year	(22 316)	223 171	(22 316)	223 171
Non - Cash movement current portion of employee benefits	22 316	(223 171)	22 316	(223 171)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
32 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
Cash and Cash Equivalents - Note	2 991 471	6 093 097	2 988 501	6 089 443
Investments - Note 11	-	-	-	-
	<u>2 991 471</u>	<u>6 093 097</u>	<u>2 988 501</u>	<u>6 089 443</u>
Less:	1 797 930	829 919	1 797 930	829 919
Unspent Committed Conditional Grants - Note 7	1 797 930	829 919	1 797 930	829 919
Resources available for working capital requirements Allocated to:	1 193 541	5 259 524	1 190 571	5 259 524
33 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term Liabilities - Note 2	140 367	182 809	140 367	182 809
Used to finance property, plant and equipment - at cost	(140 367)	(182 809)	(140 367)	(182 809)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

34 BUDGET COMPARISONS

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
34.1 Operational				
Revenue by source				
Government Grants and Subsidies - Operating	27 792 831	34 224 796	(6 431 965)	-19%
Actuarial Gains	1 573 156	-	1 573 156	100%
National Treasury 1% audit fee	1 612 946	-	1 612 946	100%
Rental of Facilities and Equipment	71 199	72 000	(801)	-1%
Interest Earned - external Investments	503 069	550 000	(46 931)	-9%
Department of Transport - Roads Service Charges	33 429 456	37 110 000	(3 680 544)	-10%
Licences and Permits	21 183	-	21 183	100%
Agency Services	3 328 024	3 711 000	(382 976)	-10%
Other Income	491 974	1 914 640	(1 422 666)	-74%
	69 931 212	77 582 436	(7 651 224)	-10%
Expenditure by nature				
Employee Related Costs	34 967 933	17 527 466	(17 440 467)	100%
Remuneration of Councillors	3 205 603	3 498 014	292 411	-8%
Debt Impairment/Reversal	-	-	-	0%
Depreciation and Amortisation Impairments	325 828	254 904	(70 924)	28%
Repairs and Maintenance	457 424	50 000	(407 424)	815%
Finance Charges	10 619 008	1 118 629	(9 500 379)	849%
Contracted services	857 262	-	(857 262)	-100%
Capital Projects	295 732	279 000	(16 732)	6%
General Expenses	-	115 000	115 000	-100%
Loss on disposal of Property, Plant and Equipment	17 995 046	54 011 981	36 016 935	-67%
Actuarial Losses	47 128	-	(47 128)	-100%
	68 770 965	77 304 994	8 534 029	-11%
Net (Deficit)/Surplus for the year	1 160 247	277 442	882 805	318%

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
34.2 Expenditure by Vote				
Executive and Council	9 261 633	10 906 638	(1 645 005)	-15%
Budget and Treasury	9 963 183	8 980 797	982 386	11%
Corporate Services	11 102 263	14 592 212	(3 489 949)	-24%
Planning and Development	1 807 890	786 665	1 021 225	130%
Health	2 446 212	2 784 995	(338 783)	-12%
Public Safety	1 065 097	1 232 895	(167 798)	-14%
Road Transport	33 124 683	37 110 000	(3 985 317)	-11%
Tourism	-	910 792	(910 792)	-100%
	68 770 961	77 304 994	(8 534 032)	-11%

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

35.1 <u>Unauthorised expenditure</u>	Economic Entity		Municipality	
	2017 R	2016 R (Restated)	2017 R	2016 R (Restated)
Reconciliation of unauthorised expenditure:				
Opening balance	1 373 377	-	1 373 377	-
Unauthorised expenditure current year - capital	-	599 015	-	599 015
Unauthorised expenditure current year - operating	2 003 612	774 362	2 003 612	774 362
Written off by council	(1 373 377)	-	(1 373 377)	-
Unauthorised expenditure awaiting authorisation	2 003 612	1 373 377	2 003 612	1 373 377

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 R (Unauthorised)
<u>Unauthorised expenditure current year - operating</u>				
Corporate Services	11 102 263	14 592 212	(3 489 949)	-
Budget and Treasury	9 963 183	8 980 797	982 386	982 386
Health	2 446 212	2 784 995	(338 783)	-
Executive and Council	9 261 633	10 906 638	(1 645 005)	-
Planning and Development	1 807 890	786 665	1 021 225	1 021 225
Public Safety	1 065 097	1 232 895	(167 798)	-
Tourism	-	910 792	(910 792)	-
Road Transport	33 124 683	37 110 000	(3 985 317)	-
	68 770 961	77 304 994	(8 534 032)	2 003 612
<u>Unauthorised expenditure current year - capital</u>				
Budget and Treasury	1 056 005	1 562 000	(505 995)	-
	1 056 005	1 562 000	(505 995)	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
35.2 Fruitless and wasteful expenditure				
Reconciliation of fruitless and wasteful expenditure:				
Opening balance	86 582	12 999	86 582	12 999
Fruitless and wasteful expenditure current year	6 304	73 583	6 304	73 583
Written off by council	-	-	-	-
Transfer to receivables for recovery	-	-	-	-
Fruitless and wasteful expenditure awaiting further action	92 886	86 582	92 886	86 582
Incident	Disciplinary steps/criminal proceedings			
SARS penalties	6 304	73 583	6 304	73 583
	6 304	73 583	6 304	73 583

35.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	12 426 145	440 297	12 419 425	433 577
Irregular expenditure current year	374 760	11 985 848	374 760	11 985 848
Written off by council from the previous year	-	-	-	-
Irregular expenditure awaiting further action	12 800 905	12 426 145	12 794 185	12 419 425

Incident	Disciplinary steps/criminal proceedings			
Purchases made without tax clearance certificates	None	39 040	-	39 040
Outgoing councillors not repaying their debt	None	28 981	246 815	28 981
Non-compliance with Supply Chain Management	None	-	11 739 033	-
EPWP fraudulent payments	Under investigation	271 089	-	271 089
Loans granted to staff	Staff member suspended disciplinary steps ongoing	35 650	-	35 650
		374 760	11 985 848	374 760
				11 985 848

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies as they are minor breaches.

35.4 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

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

2017	Between R30,001 and R200,000	Up to R30,000
Emergency	161 254	1 130 775
Impractical	2 734 298	806 217
Sole Supplier	305 367	-
Grand Total	3 200 919	1 936 992

The ten major deviations, in total, for the current financial year were as follows:

Awarded to	Reason/Explanation	Amount
South Cape Petroleum (Pty) Ltd	Only alternative supplier	1 075 965
Murraysburg Vulstasie	Only supplier that we have an account with	369 205
Bell Equipment SA Ltd	Only Agent that sells the specific parts	280 367
Koupe Producent Kooperasie Ltd	Only supplier that we have an account with	269 029
Kamkor CC t/a Donkin Motors	Only supplier that we have an account with	221 425
Victor's Garage	Only supplier that we have an account with	185 402
Barloworld Equipment, a division of Barloworld SA Pty	Only agent that supplies CAT Equipment	200 150
ELB Equipment, a division of ELB Equipment	Only agent that supplies ELB Equipment	152 183
Peri Framework Scaffolding Engineering (Pty) Ltd	Only supplier of scaffoldings in the area	130 108
Laingsburg Diensstasie	Only Agent that sells the specific parts	125 261
Total		3 009 095

2016	Between R30,001 and R200,000	Up to R30,000
Emergency	-	76 343
Impractical	155 933	293 173
Sole Supplier	2 565 090	2 522 840
Grand Total	2 721 023	2 892 356

Awarded to	Reason/Explanation	Amount
South Cape Petroleum (Pty) Ltd	Only alternative supplier	2 116 622
Bell Equipment SA Ltd	Only Agent that sells the specific parts	360 722
National Garage	Only supplier that we have an account with	272 130
Murraysburg Vulstasie	Only supplier that we have an account with	234 300
Kamkor CC t/a Donkin Motors	Only supplier that we have an account with	219 175
ELB Equipment, a division of ELB Equipment	Only Agent that sells the specific parts	196 618
Holdings (Pty) Ltd	Only Agent that sells the specific parts	186 519
Barloworld Equipment, a division of Barloworld SA Pty	Only agent that supplies CAT Equipment	159 305
KOMATSU	Only Agent that sells the specific parts	159 305
Victor's Garage	Only supplier that we have an account with	150 032
Pennyworth Trading (Pty) Ltd	Only Agent that sells the specific parts	141 266
Total		4 036 689

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R

35.5 **Service in State**

No supplier(s) indicated that a member is in service of the state as required by section 13(c)(i) of the Supply Chain Management Regulations.

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

36.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Council subscriptions	534 965	500 000	534 965	500 000
Amount paid - current year	(534 965)	(500 000)	(534 965)	(500 000)
Balance unpaid (included in creditors)	-	-	-	-

36.2 **Audit fees - [MFMA 125 (1)(b)]**

Current year audit fee	2 344 032	2 506 016	2 085 785	2 506 016
External Audit - Auditor-General	2 344 032	2 506 016	2 085 785	2 506 016
Amount paid - current year	(2 344 032)	(2 506 016)	(2 085 785)	(2 506 016)
Balance unpaid (included in creditors)	-	-	-	-

36.3 **VAT - [MFMA 125 (1)(b)]**

Opening balance	164 897	111 743	164 897	111 743
Amounts received - current year	(459 214)	(713 091)	(459 214)	(713 091)
Amounts claimed - current year	728 606	766 245	728 606	766 245
Closing balance	434 289	164 897	434 289	164 897

Vat in suspense due to cash basis of accounting

Input VAT	436 934	434 306	436 934	434 306
Output VAT	(2 645)	(269 409)	(2 645)	(269 409)
Receivable	434 289	164 897	434 289	164 897

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.

36.4 **PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

Opening balance	-	-	-	-
Current year payroll deductions and Council Contributions	4 877 016	4 768 515	4 877 016	4 768 515
Amount paid - current year	(4 459 171)	(4 768 515)	(4 459 171)	(4 768 515)
Balance unpaid (included in creditors)	417 845	-	417 845	-

36.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

Opening balance	-	-	-	-
Current year payroll deductions and Council Contributions	4 938 262	4 367 739	4 938 262	4 367 739
Amount paid - current year	(4 938 262)	(4 367 739)	(4 938 262)	(4 367 739)
Balance unpaid (included in creditors)	-	-	-	-

36.6 **Unlisted investment in Central Karoo Economic Development Agency SOC Ltd - [MFMA 125 (1)(b)]**

Cost	-	-	-	100
Owners contribution during the year	-	-	457 424	900 542
Impairments	-	-	(457 424)	(900 642)
Closing balance	-	-	-	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
36.7 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]	Outstanding more than 90 days	Outstanding more than 90 days	Outstanding more than 90 days	Outstanding more than 90 days
The following Councillors had arrear accounts for more than 90 days as at 30 June:				
Councillor MS Hangana	32 414	21 838	32 414	21 838
Councillor IJ Windvogel	31 914	21 698	31 914	21 698
Councillor J Bostander	46 714	26 498	46 714	26 498
Councillor M Furmen	21 158	4 430	21 158	4 430
Councillor S Botes	1 753	1 753	1 753	1 753
Councillor Mayor EZ Njado	51 802	23 045	51 802	23 045
Councillor AD Willemse	1 990	-	1 990	-
Councillor G de Vos	16 728	-	16 728	-
Councillor S Nortjé	2 838	-	2 838	-
Councillor M Jaffa	60	-	60	-
	207 371	99 263	207 371	99 263

37 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

	-	474 628	-	474 628
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Total commitments consist out of the following:

Upgrading of council chambers

	-	474 628	-	474 628
	-	474 628	-	474 628

This expenditure will be financed from:

Own Resources

	-	474 628	-	474 628
	-	474 628	-	474 628

38 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing instruments, the municipality's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing instruments.

	2017 R	2016 R	2017 R	2016 R
Financial assets exposed to interest rate risk at year end are as follows:				
Cash and Cash Equivalents	2 991 471	6 093 097	2 988 501	6 089 443
Financial liabilities exposed to interest rate risk at year end are as follows:				
Long Term liabilities	101 367	140 367	101 367	140 367
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:				
1% (2014 + 0.5%) Increase in interest rates	28 901	59 527	28 871	59 478
0.5% (2014 - 0.5%) Decrease in interest rates	(14 451)	(30 465)	(14 436)	(29 739)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

No receivables are pledged as security for financial liabilities.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

38 FINANCIAL RISK MANAGEMENT (continued)
(d) Credit Risk (continued)

The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
Receivables from exchange transactions	6 443 003	3 061 351	6 443 003	3 061 351
Receivables from non-exchange transactions	1 994 302	559 289	1 994 302	559 289
Cash and Cash Equivalents	2 991 471	6 093 097	2 988 501	6 089 443
Unpaid conditional grants and subsidies	1 879 068	1 140 600	1 879 068	1 140 600
	13 307 844	10 854 338	13 304 874	10 850 683

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2017				
Long Term liabilities - Finance Lease Liability	47 382	109 450	-	-
Capital repayments	39 000	101 367	-	-
Interest	8 382	8 083	-	-
Trade and Other Payables	5 271 267	-	-	-
Unspent conditional government grants and receipts	1 797 930	-	-	-
	7 116 578	109 450	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2016				
Long Term liabilities - Finance Lease Liability	53 880	156 831	-	-
Capital repayments	42 442	140 367	-	-
Interest	11 438	16 464	-	-
Trade and Other Payables	4 293 061	-	-	-
Unspent conditional government grants and receipts	829 919	-	-	-
	5 176 860	156 831	-	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity		Municipality			
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R		
39 FINANCIAL INSTRUMENTS						
In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:						
39.1 Financial Assets	Classification					
Receivables						
Receivables from exchange transactions		Financial instruments at amortised cost	6 443 003	3 061 351	6 443 003	3 061 351
Receivables from non-exchange transactions		Financial instruments at amortised cost	1 994 302	559 289	1 994 302	559 289
Other Receivables						
Government Subsidies and Grants		Financial instruments at amortised cost	1 879 068	1 140 600	1 879 068	1 140 600
Short-term Investment Deposits						
Call Deposits		Financial instruments at amortised cost	3 067 159	2 693 787	3 067 159	2 693 787
Bank Balances and Cash						
Bank Balances		Financial instruments at amortised cost	-	3 398 010	-	3 394 356
Cash Floats and Advances		Financial instruments at amortised cost	1 300	1 300	1 300	1 300
			13 384 832	10 854 338	13 384 832	10 850 683
SUMMARY OF FINANCIAL ASSETS						
Financial instruments at amortised cost			13 384 832	10 854 338	13 384 832	10 850 683
At amortised cost			13 384 832	10 854 338	13 384 832	10 850 683
FINANCIAL INSTRUMENTS (CONTINUE)						
39.2 Financial Liability	Classification					
Long-term Liabilities						
Capitalised Lease Liability		Financial instruments at amortised cost	101 367	140 367	101 367	140 367
Payables from exchange transactions						
Trade creditors		Financial instruments at amortised cost	3 148 911	2 379 854	3 148 911	2 379 854
Sundry creditors		Financial instruments at amortised cost	328 451	339 129	325 946	332 085
Creditors Roads		Financial instruments at amortised cost	1 701 870	1 581 122	1 701 870	1 581 122
Debtors with credit balances		Financial instruments at amortised cost	94 540	-	94 540	-
Other Payables						
Government Subsidies and Grants		Financial instruments at amortised cost	1 797 930	833 573	1 797 930	829 919
Bank Balances						
Bank Balances			79 958	-	76 988	-
Current Portion of Long-term Liabilities						
Capitalised Lease Liability		Financial instruments at amortised cost	39 000	42 442	39 000	42 442
			7 292 026	5 316 487	7 286 551	5 305 789
SUMMARY OF FINANCIAL LIABILITY						
Financial instruments at amortised cost			7 292 026	5 316 487	7 286 551	5 305 789
40 STATUTORY RECEIVABLES						
In accordance with the principles of GRAP 108, Statutory receivables of the municipality are classified as follows:						
Taxes						
VAT Receivable			434 289	164 897	434 289	164 897
			434 289	164 897	434 289	164 897
41 EVENTS AFTER THE REPORTING DATE						
Management intend to liquidate and deregister the Municipal Entity.						
42 PRIVATE PUBLIC PARTNERSHIPS						
Council has not entered into any private public partnerships during the financial year.						
43 CONTINGENT LIABILITY						
No contingent liabilities have been noted during the current financial year.						

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Economic Entity		Municipality	
	2017 R	(Restated) 2016 R	2017 R	(Restated) 2016 R
44 RELATED PARTY TRANSACTIONS				
44.1 Related Party transactions of Central Karoo Economic Development Agency.				
Opening Balance	-	-	-	1 331 560
Additions to loan	-	-	457 424	900 642
Impairment of loan	-	-	(457 424)	(2 232 202)
Closing balance	-	-	-	-
Rental contribution per agreement not considered in the loan	-	-	-	62 997
44.2 Related Party Loans				
The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Central Karoo District Municipality:				
* Municipal Manager				
44.2 Compensation of key management personnel				
The compensation of key management personnel is set out in note 21 to the Annual Financial Statements.				
44.3 Other related party transactions				
Included in other receivables are outstanding money(s) to be recovered from Councillors, and Mayor, due to travel and lodging claimed, but not spent:				
<u>Councillor/Staff Member</u>				
Councillor MS Hangana	32 414	32 414	32 414	32 414
Councillor IJ Windvogel	31 914	41 914	31 914	41 914
Councillor J Bostander	46 714	46 714	46 714	46 714
Councillor BJ van As	-	16 728	-	16 728
Councillor M Furmen	21 158	21 158	21 158	21 158
Councillor S Botes	1 753	1 753	1 753	1 753
Councillor Mayor EZ Njado	51 802	42 134	51 802	42 134
Councillor E Maans	-	3 193	-	3 193
Councillor G De Vos	16 728	16 728	16 728	16 728
Councillor Dr. AL Rabie	-	4 512	-	4 512
Councillor S Nortjie	2 838	2 838	2 838	2 838
Councillor AM Slabbert	-	16 728	-	16 728
Councillor AD Willemse	1 990	-	1 990	-
Councillor M Jaffa	60	-	60	-
	207 371	246 814	207 371	246 814
45 FINANCIAL SUSTAINABILITY				
The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:				
Financial Indicators				
Current assets exceeded current liabilities with the current ratio being 1.41 (2016)				
Current assets exceeded current liabilities with the current ratio being 1.35 (2017)				
Liquidity ratio of 1.11 (2016)				
Liquidity ratio of 1.05 (2017)				
Accumulated surplus of R 2 332 150 (2016)				
Accumulated surplus of R3 549 054 (2017)				
The following factors mitigated the financial uncertainty				
The current ratio decreased to 0.27:1 from 0.68:1 in the prior year.				
Other Indicators				
None noted.				
46 SERVICE IN KIND				
<i>As per GRAP 23 par 99-107 the following transactions are regarded as service in kind</i>				
<i>The auditor General - Audit fees over and above 1% contributed by National Treasury</i>	1 612 946	1 290 698	1 612 946	1 290 698
Total	1 612 946	1 290 698	1 612 946	1 290 698

47 BUDGET COMPARISONS

In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 13 to 18.

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer debtors in budget statements consist of Receivables from Exchange and Receivables from Non-exchange.

The budget formats does not allow for various sundry debtor balances to be disclosed separately. For this reason, Unpaid Conditional Grants and Receipts, Operating Lease Assets and Taxes are all incorporated under other receivables.

Included in Trade and other payables per budget statement are Payables from Exchange Transactions as well as Unspent Conditional Government Grants and Receipts.

Employee benefits and Provisions (current and non-current) are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist of the following line items - Public Contributions and donations, Other Income and Third Party Payments.

Depreciation/Amortisation and Impairments are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist of the following line items - General Expenses, Repairs and Maintenance and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

**APPENDIX A - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2016	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2017
LEASE LIABILITY							
RICOH MPC2003SP	13.00%		21/03/2021	67 557	-	13 694	53 863
RICOH MPC6003SP	13.00%		26/09/2020	100 258	-	20 100	80 158
Gestetner MPC 3001	13.00%		30/11/2016	6 125	-	6 125	-
RICOH MP301SP	13.00%		30/06/2019	8 871	-	2 525	6 345
Total Lease Liabilities				182 810	-	42 444	140 367
TOTAL EXTERNAL LOANS				182 810	-	42 444	140 367

**APPENDIX B - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
MUNICIPAL VOTES CLASSIFICATION**

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
6 075 634	(5 252 129)	823 505	Municipal Manager	5 867 214	(4 316 127)	1 551 087
2 000 000	(5 344 061)	(3 344 061)	Council general expenses	5 474 698	(4 945 506)	529 192
22 064 393	(15 012 715)	7 051 678	Financial services	16 944 756	(13 850 497)	3 094 259
4 407 527	(4 502 605)	(95 078)	Corporate services	4 702 228	(4 843 808)	(141 580)
1 411 127	(1 540 829)	(129 702)	Planning and development	200 000	(1 807 890)	(1 607 890)
44 780	(2 123 183)	(2 078 403)	Health	30 503	(2 446 212)	(2 415 709)
2 200 318	(1 687 678)	512 640	Other	2 317 785	(2 371 144)	(53 359)
316 268	(948 125)	(631 857)	Public safety	964 572	(1 065 097)	(100 525)
45 552 290	(40 539 002)	5 013 288	Road transport	33 429 455	(33 124 683)	304 773
84 072 337	(76 950 327)	7 122 010	Total	69 931 212	(68 770 964)	1 160 248

APPENDIX C - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
3 685 618	(10 596 190)	(6 910 572)	Executive and council	7 706 278	(9 261 633)	(1 555 355)
15 097 536	(11 199 832)	3 897 704	Budget and treasury	13 764 320	(9 963 186)	3 801 134
19 675 845	(10 003 165)	9 672 680	Corporate Services	13 836 083	(11 102 263)	2 733 820
-	(1 540 829)	(1 540 829)	Planning and Development	200 000	(1 807 890)	(1 607 890)
44 780	(2 123 183)	(2 078 404)	Health	30 503	(2 446 212)	(2 415 709)
16 268	(948 125)	(931 857)	Public Safety	964 572	(1 065 097)	(100 525)
45 552 290	(40 539 002)	5 013 288	Road Transport	33 429 456	(33 124 683)	304 773
84 072 337	(76 950 327)	7 122 010	Total	69 931 212	(68 770 964)	1 160 248

**APPENDIX D - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2016	Correction of error	Balance 1 JULY 2016	Grants Received	Operating Expenditure during the year Transferred to Revenue	Repaid to National Revenue Fund	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2017
	R	R	R	R	R		R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS								
National Government Grants								
Equitable Share	-	-	-	19 416 000	19 416 000	-	-	-
National Financial Management Grant	(2 068)	-	(2 068)	1 250 000	1 247 932	-	-	(0)
Municipal Systems Improvement Grant	-	-	-	-	-	-	-	-
EPWP	58 710	-	58 710	1 000 000	1 250 563	59 000	-	(250 853)
Work for Water Project	-	-	-	-	-	-	-	-
Rural Asset Management Grant (RAMS)	(635 564)	-	(635 564)	1 866 000	1 226 076	-	-	4 360
Dept. Local Government	-	-	-	-	-	-	-	-
Total National Government Grants	(578 921)	-	(578 921)	23 532 000	23 140 572	59 000	-	(246 493)
Provincial Government Grants								
FMG - MSCOA	50 000	-	50 000	-	50 000	-	-	-
FMG - MFIP	500 000	-	500 000	-	500 000	-	-	-
FMG - IDP	200 000	-	200 000	-	200 000	-	-	-
FMG - PMS	21 209	-	21 209	-	-	-	-	21 209
FMG - MSCOA	-	-	-	220 000	220 000	-	-	-
FMG - MSCOA TRAINING	-	-	-	500 000	206 225	-	-	293 775
FMG - Improvement of Service Level Standards	-	-	-	100 000	-	-	-	100 000
FMG - Improvement of Assurance Function	-	-	-	700 000	350 000	-	-	350 000
FMG - Training re Performance Reporting	-	-	-	200 000	75 204	-	-	124 796
FMG - Internship Training	-	-	-	100 000	100 000	-	-	-
FMG - Capacity Building Bursary Func	-	-	-	120 000	114 956	-	-	5 044
FMG - ICT Internship	-	-	-	60 000	14 969	-	-	45 031
Drought Relief Support	-	-	-	300 000	81 630	-	-	218 370
Fire Brigade Capacity Building	-	-	-	1 300 000	-	-	882 942	417 058
Total Provincial Government Grants	771 209	-	771 209	3 600 000	1 912 983	-	882 942	1 575 283
Other Grant Providers								
CHIETA	-	-	-	532 800	314 514	-	-	218 286
LG SETA	(273 120)	-	(273 120)	834 500	1 307 146	-	-	(745 766)
Industrial Development Corporation	3 654	-	3 654	-	3 654	-	-	-
Doring veld Project	(229 849)	-	(229 849)	465 016	1 117 616	-	-	(882 449)
Total Other Grant Providers	(499 316)	-	(499 316)	1 832 316	2 742 930	-	-	(1 409 929)
Total	(307 028)	-	(307 028)	28 964 316	27 796 485	59 000	882 942	(81 139)

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	34 933	887	35 820	35 307	(513)	98.6%	101.1%	38 391
Executive and council	11 171	324	11 495	7 706	(3 788)	67.0%	69.0%	3 686
Budget and treasury	9 424	542	9 966	13 764	3 798	138.1%	146.1%	15 029
Corporate services	14 338	21	14 359	13 836	(523)	96.4%	96.5%	19 676
<i>Community and public safety</i>	3 168	1 600	4 768	995	(3 773)	20.9%	31.4%	61
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	1 041	1 600	2 641	965	(1 676)	36.5%	92.7%	16
Housing	-	-	-	-	-	-	-	-
Health	2 127	(0)	2 127	31	(2 096)	1.4%	1.4%	45
<i>Economic and environmental services</i>	38 070	(665)	37 405	33 629	(3 776)	89.9%	88.3%	45 552
Planning and development	960	(665)	295	200	(95)	67.7%	20.8%	-
Road transport	37 110	-	37 110	33 429	(3 681)	90.1%	90.1%	45 552
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	889	0	889	-	(889)	-	-	-
Total Revenue - Standard	77 060	1 822	78 882	69 931	(8 951)	88.7%	90.7%	84 004
Expenditure - Standard								
<i>Governance and administration</i>	33 947	533	34 480	30 327	(4 153)	88.0%	89.3%	31 731
Executive and council	11 825	(918)	10 907	9 262	(1 645)	84.9%	78.3%	10 596
Budget and treasury	7 541	1 439	8 981	9 963	982	110.9%	132.1%	11 132
Corporate services	14 580	12	14 592	11 102	(3 490)	76.1%	76.1%	10 003
<i>Community and public safety</i>	3 864	154	4 018	3 511	(507)	87.4%	90.9%	3 071
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	1 013	220	1 233	1 065	(168)	86.4%	105.2%	948
Housing	-	-	-	-	-	-	-	-
Health	2 851	(66)	2 785	2 446	(339)	87.8%	85.8%	2 123
<i>Economic and environmental services</i>	38 064	(167)	37 897	34 933	(2 964)	92.2%	91.8%	42 080
Planning and development	954	(167)	787	1 808	1 021	229.8%	189.6%	1 541
Road transport	37 110	-	37 110	33 125	(3 985)	89.3%	89.3%	40 539
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	955	(44)	911	-	(911)	-	-	-
Total Expenditure - Standard	76 830	475	77 305	68 771	(8 534)	89.0%	89.5%	76 882
Surplus/(Deficit) for the year	231	1 347	1 577	1 160	(417)	73.6%	502.9%	7 122

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue by Vote								
Executive and Council	11 171	324	11 495	7 706	(3 788)	67.0%	69.0%	3 686
Budget and Treasury	9 424	542	9 966	13 764	3 798	138.1%	146.1%	15 029
Corporate Services	14 338	21	14 359	13 836	(523)	96.4%	96.5%	19 676
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	1 041	1 600	2 641	965	(1 676)	36.5%	92.7%	16
Road Transport	37 110	-	37 110	33 429	(3 681)	90.1%	90.1%	45 552
Health	2 127	(0)	2 127	31	(2 096)	1.4%	1.4%	45
Planning and development	960	(665)	295	200	(95)	67.7%	20.8%	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	889	0	889	-	(889)	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Total Revenue by Vote	77 060	1 822	78 882	69 931	(8 951)	88.7%	90.7%	84 004
Expenditure by Vote to be appropriated								
Executive and Council	11 825	(918)	10 907	9 262	(1 645)	84.9%	78.3%	10 596
Budget and Treasury	7 541	1 439	8 981	9 963	982	110.9%	132.1%	11 132
Corporate Services	14 580	12	14 592	11 102	(3 490)	76.1%	76.1%	10 003
Community and Social Services	-	-	-	-	-	-	-	-
Planning and development	954	(167)	787	1 808	1 021	229.8%	189.6%	1 541
Public Safety	1 013	220	1 233	1 065	(168)	86.4%	105.2%	948
Road Transport	37 110	-	37 110	33 125	(3 985)	89.3%	89.3%	40 539
Health	2 851	(66)	2 785	2 446	(339)	87.8%	85.8%	2 123
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	955	(44)	911	-	(911)	-	-	-
Total Expenditure by Vote	76 830	475	77 305	68 771	(8 534)	89.0%	89.5%	76 882
Surplus/(Deficit) for the year	231	1 347	1 577	1 160	(417)	73.6%	502.9%	7 122

**APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE**

Description	2016/2017						2015/2016	
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-
Rental of facilities and equipment	50	22	72	71	(1)	98.9%	142.4%	70
Interest earned - external investments	500	50	550	503	(47)	91.5%	100.6%	632
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	21	21	100.0%	100.0%	16
Agency services	3 711	-	3 711	40 168	36 457	1082.4%	1082.4%	3 077
Transfers recognised - operational	33 021	1 204	34 225	27 793	(6 432)	81.2%	81.2%	32 311
Other Income	39 779	(754)	39 025	492	(38 533)	1.3%	1.3%	47 967
Gains on disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	77 060	522	77 582	69 048	(8 534)	89.0%	89.0%	84 072
Expenditure By Type								
Employee related costs	16 760	767	17 527	34 968	17 440	199.5%	199.5%	30 722
Remuneration of councillors	3 668	(170)	3 498	3 206	(292)	91.6%	91.6%	3 110
Debt impairment	-	-	-	-	-	-	-	133
Depreciation and Amortisation	255	-	255	326	71	127.8%	127.8%	284
Finance charges	-	-	-	857	857	100.0%	100.0%	654
Bulk purchases	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-
Contracted services	-	-	-	296	296	100.0%	100.0%	240
Transfers and grants	-	-	-	-	-	-	-	-
General Expenses	56 147	(122)	56 025	29 071	(26 953)	51.9%	51.9%	41 797
Loss on disposal of Property, Plant and Equipment	-	-	-	47	47	100.0%	100.0%	11
Total Expenditure	76 830	475	77 305	68 771	(8 534)	89.0%	89.5%	76 950
Surplus/(Deficit)	231	47	277	277	(0)	100%	120.2%	7 122
Transfers recognised - capital	-	1 300	1 300	883	(417)	68%	67.9%	-
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	231	1 347	1 577	1 160	(417)	74%	502.9%	7 122

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2016/17							2015/16
	Original Budget	Budget Adjustments (i.l.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Executive and Council	-	-	-	-	-	-	-	-
Budget and Treasury Office	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	-	-
Single-year expenditure								
Executive and Council	-	-	-	-	-	-	-	-
Budget and Treasury Office	-	-	-	-	-	-	-	-
Corporate Services	230	1 332	1 562	-	(1 562)	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital single-year expenditure	230	1 332	1 562	-	(1 562)	-	-	-
Total Capital Expenditure - Vote	230	1 332	1 562	-	(1 562)	-	-	-
Capital Expenditure - Standard								
Governance and administration	230	32	262	249	(13)	95.1%	108.3%	318
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	230	32	262	249	(13)	95.1%	108.3%	318
Community and public safety	-	1 300	1 300	807	(493)	62.1%	-	-
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	1 300	1 300	807	(493)	62.1%	-	-
Economic and environmental services	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	230	1 332	1 562	1 056	(506)	68%	459%	318
Funded by:								
National Government	-	-	-	-	-	-	-	-
Provincial Government	-	1 300	1 300	883	(417)	67.9%	0.0%	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	1 300	1 300	883	(417)	68%	-	-
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	230	32	262	173	(89)	66.1%	75.2%	68
Total Capital Funding	230	1 332	1 562	1 056	(506)	68%	459%	68

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
CASH FLOWS

Description	2016/17						2015/16	
	Original Budget	Budget Adjustments (i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	43 952	(732)	43 220	35 781	(7 438)	82.8%	81.4%	46 324
Government - operating	33 021	2 504	35 525	28 964	(6 560)	81.5%	87.7%	30 302
Government - capital	-	-	-	-	-	-	-	-
Interest	500	50	550	503	(47)	91.5%	100.6%	632
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(80 655)	(475)	(81 130)	(66 723)	14 407	82.2%	82.7%	(76 717)
Finance charges	-	-	-	(11)	(11)	100.0%	-	(14)
Transfers and Grants	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	(3 182)	1 347	(1 836)	(1 486)	349	81.0%	25.9%	527
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	0	-	-	-	0
Purchase of Property, Plant and Equipment	-	-	-	-	-	-	-	(10)
Decrease (increase) other non-current investments	(694)	-	(694)	(457)	236	66.0%	66.0%	(901)
Payments								
Capital assets	(230)	(1 332)	(1 562)	(1 056)	506	67.6%	459.1%	(529)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(924)	(1 332)	(2 256)	(1 513)	742	67.1%	100.0%	(1 440)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments					1 484			
Repayment of borrowing	(66)	-	(66)	(101)	(35)	153.7%	153.7%	(56)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(66)	-	(66)	(101)	(35)	153.7%	153.7%	(56)
NET INCREASE/ (DECREASE) IN CASH HELD	(4 172)	15	(4 157)	(3 101)	1 056	74.6%	74.3%	(969)
Cash/cash equivalents at the year begin:	12 540	-	12 540	6 089	(6 451)	48.6%	48.6%	7 058
Cash/cash equivalents at the year end:	8 368	15	8 383	2 989	(5 430)	35.7%	35.7%	6 089