

# CAPE AGULHAS LOCAL MUNICIPALITY



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CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

**ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2016**

# CAPE AGULHAS LOCAL MUNICIPALITY

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# CAPE AGULHAS LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

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

### LEGAL FORM

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

### JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

Bredasdorp	L'Agulhas	Protem
Napier	Arniston	Klipdale
Struisbaai	Suiderstrand	

### MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	RG Mitchell	Ward 3	
Executive Deputy Mayor	D Jantjies	Ward 2	
Speaker	E C Marthinus (Ms)	Proportional	
Councillor - Full time	M R Mokotwana	Proportional	Member of Executive Mayor Committee
Councillor - Part time	P N Atyhosi (Miss)	Proportional	
Councillor - Part time	J G A Nieuwoudt	Ward 4	
Councillor - Part time	G D Burger	Ward 5	Chairperson of MPAC
Councillor - Part time	Z Tonisi	Proportional	
Councillor - Part time	E Sauls	Ward 1	

### MUNICIPAL MANAGER

Mr D O'Neill

### CHIEF FINANCIAL OFFICER

Mr H Van Biljon

### REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

### POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280

# CAPE AGULHAS LOCAL MUNICIPALITY

## GENERAL INFORMATION

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

ABSA, Bredasdorp

### ATTORNEYS

Luttig, Badenhorst & Fourie Attorneys

Kruger & Blignaut Attorneys

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2016, which are set out on pages 1 to 137 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

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

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

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

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**Mr D O'Neill**  
**Municipal Manager**

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**Date**

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>45 026 692</b>	<b>39 987 611</b>
Cash and Cash Equivalents	2	14 383 798	18 834 092
Receivables from Exchange Transactions	3	24 337 359	16 599 095
Receivables from Non-exchange Transactions	4	4 736 431	3 014 205
Operating Lease Asset	5.1	63 532	62 336
Current Portion of Long-term Receivables	6	27 208	28 751
Inventory	7	1 478 364	1 449 133
<b>Non-current Assets</b>		<b>402 794 903</b>	<b>396 745 363</b>
Long-Term Receivables	6	227 042	254 249
Investment Property	8	40 522 559	40 705 756
Property, Plant And Equipment	9	312 486 398	301 604 404
Intangible Assets	10	882 653	1 125 338
Capitalised Restoration Cost (PPE)	11	48 676 251	53 055 616
<b>Total Assets</b>		<b>447 821 595</b>	<b>436 732 974</b>
<b>Current Liabilities</b>		<b>26 365 195</b>	<b>28 651 519</b>
Current Portion of Long-Term Liabilities	12	869 577	516 986
Consumer Deposits	13	4 008 082	3 844 846
Payables from Exchange Transactions	14	5 868 080	11 902 127
Unspent Conditional Government Grants	15	278 750	172 039
Unspent Public Contributions	16	117 028	46 357
Taxes	17	1 330 413	665 677
Operating Lease Liability	5.2	26 410	16 067
Current Employee Benefits	18	10 008 140	7 832 528
Provisions	19	3 858 715	3 654 891
<b>Non-current Liabilities</b>		<b>110 490 045</b>	<b>101 622 748</b>
Long-Term Liabilities	12	2 503 641	844 860
Employee Benefits	20	49 624 458	42 683 654
Non-Current Provisions	21	58 361 946	58 094 234
<b>Total Liabilities</b>		<b>136 855 239</b>	<b>130 274 267</b>
<b>Net Assets</b>		<b>310 966 355</b>	<b>306 458 706</b>
<b>Community Wealth</b>			
Accumulated Surplus	22	297 466 355	288 708 707
Capital Replacement Reserve	22	13 500 000	17 750 000
<b>Total Community Wealth</b>		<b>310 966 355</b>	<b>306 458 706</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2016

REVENUE	Notes	2016 R (Actual)	2015 R (Restated)
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>107 937 922</b>	<b>114 188 664</b>
<b>Taxation Revenue</b>		<b>49 930 979</b>	<b>42 895 205</b>
Property Rates	23	49 930 979	42 895 205
<b>Transfer Revenue</b>		<b>50 570 659</b>	<b>68 090 292</b>
Government Grants and Subsidies - Capital	24	13 196 731	17 856 030
Government Grants and Subsidies - Operating	24	36 456 206	50 234 263
Public Contributions and Donations - Capital	25	733 132	-
Public Contributions and Donations - Operating	25	118 700	-
Contributed Assets		65 890	-
<b>Other Revenue</b>		<b>7 436 284</b>	<b>3 203 167</b>
Fines	26	7 307 749	3 048 545
Third Party - Insurance Receipts		125 000	154 622
Reversal of Impairments	11	3 535	-
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>144 415 150</b>	<b>123 754 937</b>
<b>Operating Activities</b>		<b>144 415 150</b>	<b>123 754 937</b>
Service Charges	27	125 268 151	109 435 555
Rental of Facilities and Equipment	28	6 391 011	5 981 036
Interest Earned - External Investments		1 906 965	1 848 735
Interest Earned - Outstanding Debtors	29	1 168 653	995 909
Licences and Permits		1 018 906	1 077 142
Agency Services		1 520 406	1 382 248
Other Income	30	3 509 474	3 034 313
Gains on Disposal of Properties		3 631 584	-
<b>TOTAL REVENUE</b>		<b>252 353 073</b>	<b>237 943 602</b>
<b>EXPENDITURE</b>			
Employee Related Costs	31	98 052 336	81 686 677
Remuneration of Councillors	32	3 624 961	3 452 005
Debt Impairment	33	8 221 894	6 000 428
Depreciation and Amortisation	34	10 670 721	9 320 120
Impairments	35	-	807 636
Repairs and Maintenance	36	11 468 063	12 868 021
Actuarial Losses	37	2 221 374	1 919 983
Finance Charges	38	7 635 572	4 730 909
Bulk Purchases	39	66 648 287	57 446 954
Contracted Services	40	6 190 067	7 889 007
Transfers and Grants	41	1 491 350	1 266 480
Other Expenditure	42	31 271 817	45 412 436
Loss on Disposal of PPE		348 983	534 512
<b>TOTAL EXPENDITURE</b>		<b>247 845 425</b>	<b>233 335 169</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>4 507 648</b>	<b>4 608 433</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

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

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2014 - Previously Reported</b>	<b>15 750 000</b>	<b>287 574 563</b>	<b>303 324 563</b>
Prior Period Adjustment - Refer to note 43.13	-	(1 474 289)	(1 474 289)
<b>Balance on 30 June 2014 - Restated</b>	<b>15 750 000</b>	<b>286 100 274</b>	<b>301 850 274</b>
Net Surplus for the Year	-	4 608 433	4 608 433
Transfers to Reserves	7 448 232	(7 448 232)	-
Property, Plant and Equipment Purchased	(5 448 232)	5 448 232	-
<b>Balance on 30 June 2015 - Restated</b>	<b>17 750 000</b>	<b>288 708 707</b>	<b>306 458 706</b>
Net Surplus for the Year	-	4 507 648	4 507 648
Transfers to Reserves	446 261	(446 261)	-
Property, Plant and Equipment Purchased	(4 696 261)	4 696 261	-
<b>Balance on 30 June 2016</b>	<b>13 500 000</b>	<b>297 466 355</b>	<b>310 966 354</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		48 573 465	42 485 364
Service Charges		120 075 610	106 800 170
Other Revenue		9 648 408	10 181 212
Government - Operating		36 734 956	46 207 269
Government - Capital		13 024 692	16 525 663
Interest		3 075 618	2 844 643
<b>Payments</b>			
Suppliers and Employees		(219 578 273)	(203 745 228)
Finance Charges		(140 796)	(99 273)
Transfers and Grants		(1 491 350)	(1 266 480)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>45</b>	<b>9 922 329</b>	<b>19 933 341</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets		4 623 333	-
Decrease in Long-Term Receivables		28 751	41 457
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(21 004 514)	(21 706 035)
Purchase of Intangible Assets		(50 000)	(718 627)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(16 402 430)</b>	<b>(22 383 204)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New loans raised		2 428 390	-
Increase in Consumer Deposits		163 236	201 838
<b>Payments</b>			
Loans Repaid		(561 819)	(325 085)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>2 029 807</b>	<b>(123 247)</b>
<b>NET DECREASE IN CASH HELD</b>		<b>(4 450 294)</b>	<b>(2 573 110)</b>
Cash and Cash Equivalents at the beginning of the year		18 834 092	21 407 202
Cash and Cash Equivalents at the end of the year		14 383 798	18 834 092
<b>NET DECREASE IN CASH HELD</b>		<b>(4 450 294)</b>	<b>(2 573 110)</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	14 383 798	9 975 125	4 408 673
Consumer Debtors	26 821 516	19 963 179	6 858 337
Other Receivables	2 315 806	4 719 537	(2 403 731)
Current portion of Long-Term Receivables	27 208	4 439	22 768
Inventory	1 478 364	1 485 089	(6 724)
<b>Total Current Assets</b>	<b>45 026 692</b>	<b>36 147 370</b>	<b>8 879 322</b>
<b>Non Current Assets</b>			
Long-Term Receivables	227 042	274 121	(47 080)
Investment Property	40 522 559	40 697 226	(174 667)
Property, Plant and Equipment	312 486 398	315 397 350	(2 910 952)
Intangible Assets	882 653	1 017 238	(134 585)
Capitalised Restoration Cost	48 676 251	50 353 255	(1 677 004)
<b>Total Non-Current Assets</b>	<b>402 794 903</b>	<b>407 739 190</b>	<b>(4 944 287)</b>
<b>TOTAL ASSETS</b>	<b>447 821 595</b>	<b>443 886 560</b>	<b>3 935 035</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowing	869 577	1 054 381	(184 804)
Consumer Deposits	4 008 082	4 152 434	(144 352)
Trade and Other Payables	7 620 682	11 344 737	(3 724 056)
Provisions and Employee Benefits	13 866 854	13 020 962	845 893
<b>Total Current Liabilities</b>	<b>26 365 196</b>	<b>29 572 514</b>	<b>(3 207 319)</b>
<b>Non-Current Liabilities</b>			
Borrowing	2 503 641	2 329 341	174 299
Provisions and Employee Benefits	107 986 404	111 238 782	(3 252 378)
<b>Total Non-Current Liabilities</b>	<b>110 490 045</b>	<b>113 568 123</b>	<b>(3 078 078)</b>
<b>TOTAL LIABILITIES</b>	<b>136 855 240</b>	<b>143 140 637</b>	<b>(6 285 398)</b>
<b>NET ASSETS</b>	<b>310 966 354</b>	<b>300 745 923</b>	<b>10 220 433</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	297 466 355	291 495 923	5 970 432
Reserves	13 500 000	9 250 000	4 250 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>310 966 354</b>	<b>300 745 923</b>	<b>10 220 432</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

#### ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	2 182 305	7 792 820	9 975 125
Consumer Debtors	20 909 498	(946 319)	19 963 179
Other Receivables	853 983	3 865 555	4 719 537
Current portion of Long-Term Receivables	6 000	(1 561)	4 439
Inventory	770 382	714 706	1 485 089
<b>Total Current Assets</b>	<b>24 722 169</b>	<b>11 425 201</b>	<b>36 147 370</b>
<b>Non-Current Assets</b>			
Long-Term Receivables	305 903	(31 781)	274 121
Investments	45 113	(45 113)	-
Investment Property	40 683 022	14 204	40 697 226
Property, Plant And Equipment	302 231 322	13 166 028	315 397 350
Intangible Assets	1 263 300	(246 063)	1 017 238
Capitalised Restoration Cost	16 830 142	33 523 113	50 353 255
<b>Total Non Current Assets</b>	<b>361 358 802</b>	<b>46 380 388</b>	<b>407 739 190</b>
<b>TOTAL ASSETS</b>	<b>386 080 971</b>	<b>57 805 589</b>	<b>443 886 560</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowing	569 934	484 447	1 054 381
Consumer Deposits	4 170 880	(18 446)	4 152 434
Trade and Other Payables	6 970 100	4 374 638	11 344 737
Provisions and Employee Benefits	10 742 922	2 278 039	13 020 962
<b>Total Current Liabilities</b>	<b>22 453 837</b>	<b>7 118 677</b>	<b>29 572 514</b>
<b>Non Current Liabilities</b>			
Borrowing	2 385 236	(55 895)	2 329 341
Provisions and Employee Benefits	69 382 180	41 856 602	111 238 782
<b>Total Non-Current Liabilities</b>	<b>71 767 416</b>	<b>41 800 708</b>	<b>113 568 123</b>
<b>TOTAL LIABILITIES</b>	<b>94 221 252</b>	<b>48 919 385</b>	<b>143 140 637</b>
<b>NET ASSETS</b>	<b>291 859 719</b>	<b>8 886 204</b>	<b>300 745 923</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	291 859 719	(363 796)	291 495 923
Reserves	-	9 250 000	9 250 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>291 859 719</b>	<b>8 886 204</b>	<b>300 745 923</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2016

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)
<b>REVENUE BY SOURCE</b>			
Property Rates	49 930 979	49 899 020	31 959
Service Charges - Electricity Revenue	85 550 702	86 764 580	(1 213 878)
Service Charges - Water Revenue	19 423 737	19 131 930	291 807
Service Charges - Sanitation Revenue	8 152 157	7 368 120	784 037
Service Charges - Refuse Revenue	12 141 555	11 846 380	295 175
Rental Of Facilities and Equipment	6 391 011	6 679 600	(288 589)
Interest Earned - External Investments	1 906 965	1 970 000	(63 035)
Interest Earned - Outstanding Debtors	1 168 653	800 001	368 652
Fines	7 307 749	8 650 600	(1 342 851)
Licences and Permits	1 018 906	880 000	138 906
Agency Services	1 520 406	1 308 500	211 906
Transfers Recognised - Operational	36 456 206	36 912 559	(456 354)
Other Revenue	3 756 059	3 097 130	658 929
Gains on Disposal of Properties	3 631 584	50 000	3 581 584
<b>TOTAL OPERATING REVENUE</b>	<b>238 356 669</b>	<b>235 358 420</b>	<b>2 998 249</b>
<b>EXPENDITURE BY TYPE</b>			
Employee Related Costs	98 052 336	94 828 126	3 224 210
Remuneration of Councillors	3 624 961	3 760 000	(135 039)
Debt Impairment	8 221 894	7 498 425	723 469
Depreciation & Asset Impairment	10 670 721	11 268 556	(597 835)
Finance Charges	7 635 572	7 681 584	(46 012)
Bulk Purchases	66 648 287	70 052 170	(3 403 883)
Contracted Services	6 190 067	7 694 925	(1 504 858)
Transfers and Grants	1 491 350	1 619 000	(127 650)
Other Expenditure	44 961 254	53 451 424	(8 490 170)
Loss on Disposal of PPE	348 983	-	348 983
<b>TOTAL OPERATING EXPENDITURE</b>	<b>247 845 425</b>	<b>257 854 210</b>	<b>(10 008 785)</b>
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(9 488 755)</b>	<b>(22 495 790)</b>	<b>13 007 034</b>
Transfers Recognised - Capital	13 196 731	13 167 011	29 720
Contributions Recognised - Capital	733 782	735 783	(2 001)
Contributed Assets	65 890	-	65 890
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>4 507 648</b>	<b>(8 592 996)</b>	<b>13 100 644</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2016

#### ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Property Rates	49 956 020	(57 000)	49 899 020
Service Charges - Electricity Revenue	86 844 580	(80 000)	86 764 580
Service Charges - Water Revenue	20 408 100	(1 276 170)	19 131 930
Service Charges - Sanitation Revenue	6 687 440	680 680	7 368 120
Service Charges - Refuse Revenue	11 576 260	270 120	11 846 380
Rental of Facilities and Equipment	6 679 600	-	6 679 600
Interest Earned - External Investments	1 970 000	-	1 970 000
Interest Earned - Outstanding Debtors	800 000	1	800 001
Fines	1 835 500	6 815 100	8 650 600
Licences and Permits	330 000	550 000	880 000
Agency Services	1 308 500	-	1 308 500
Transfers Recognised - Operational	30 289 850	6 622 709	36 912 559
Other Revenue	3 855 130	(758 000)	3 097 130
Gains on Disposal of Properties	-	50 000	50 000
<b>TOTAL OPERATING REVENUE</b>	<b>222 540 980</b>	<b>12 817 440</b>	<b>235 358 420</b>
<b>EXPENDITURE BY TYPE</b>			
Employee Related Costs	90 608 382	4 219 744	94 828 126
Remuneration of Councillors	3 760 000	-	3 760 000
Debt Impairment	4 690 000	2 808 425	7 498 425
Depreciation & Asset Impairment	8 289 400	2 979 156	11 268 556
Finance Charges	2 883 444	4 798 140	7 681 584
Bulk Purchases	72 802 170	(2 750 000)	70 052 170
Contracted Services	8 400 800	(705 875)	7 694 925
Transfers and Grants	1 539 000	80 000	1 619 000
Other Expenditure	43 623 473	9 827 951	53 451 424
<b>TOTAL OPERATING EXPENDITURE</b>	<b>236 596 669</b>	<b>21 257 541</b>	<b>257 854 210</b>
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(14 055 689)</b>	<b>(8 440 101)</b>	<b>(22 495 790)</b>
Transfers Recognised - Capital	13 464 150	(297 139)	13 167 011
Contributions Recognised - Capital	-	735 783	735 783
<b>NET DEFICIT FOR THE YEAR</b>	<b>(591 539)</b>	<b>(8 001 457)</b>	<b>(8 592 996)</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2016

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	48 573 465	48 448 625	124 839
Service Charges	120 075 610	121 540 351	(1 464 741)
Other Revenue	9 648 408	15 965 166	(6 316 758)
Government - Operating	36 734 956	36 704 263	30 693
Government - Capital	13 024 692	12 575 307	449 385
Interest	3 075 618	2 746 747	328 871
<b>Payments</b>			
Suppliers and Employees	(219 578 273)	(225 070 132)	5 491 858
Finance Charges	(140 796)	(361 482)	220 686
Transfers and Grants	(1 491 350)	(1 619 000)	127 650
	<u>9 922 329</u>	<u>10 929 845</u>	<u>(1 007 517)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets	4 623 333	50 000	4 573 333
Decrease in Non-Current Receivables	28 751	4 439	24 311
<b>Payments</b>			
Capital Assets	(21 054 514)	(22 172 715)	1 118 201
	<u>(16 402 430)</u>	<u>(22 118 276)</u>	<u>5 715 846</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New Loans Raised	2 428 390	2 930 000	(501 610)
Increase in Consumer Deposits	163 236	307 588	(144 352)
<b>Payments</b>			
Loans Repaid	(561 819)	(908 124)	346 305
	<u>2 029 807</u>	<u>2 329 463</u>	<u>(299 657)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>			
<b>NET DECREASE IN CASH HELD</b>			
	<u>(4 450 294)</u>	<u>(8 858 967)</u>	<u>4 408 673</u>
Cash and Cash Equivalents at the beginning of the year	18 834 092	18 834 092	-
Cash and Cash Equivalents at the end of the year	14 383 798	9 975 125	4 408 673
<b>NET DECREASE IN CASH HELD</b>	<u>(4 450 294)</u>	<u>(8 858 967)</u>	<u>4 408 673</u>

# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2016

#### ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	48 107 770	340 855	48 448 625
Service Charges	120 872 582	667 769	121 540 351
Other Revenue	12 571 601	3 393 565	15 965 166
Government - Operating	30 289 850	6 414 413	36 704 263
Government - Capital	13 464 150	(888 843)	12 575 307
Interest	2 740 402	6 345	2 746 747
<b>Payments</b>			
Suppliers and Employees	(216 531 537)	(8 538 594)	(225 070 132)
Finance Charges	(1 558 250)	1 196 768	(361 482)
Transfers and Grants	(1 539 000)	(80 000)	(1 619 000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>8 417 569</b>	<b>2 512 277</b>	<b>10 929 845</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets	-	50 000	50 000
Decrease in Non-Current Receivables	6 000	(1 561)	4 439
<b>Payments</b>			
Capital Assets	(21 691 415)	(481 300)	(22 172 715)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(21 685 415)</b>	<b>(432 861)</b>	<b>(22 118 276)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New Loans Raised	2 930 000	-	2 930 000
Increase in Consumer Deposits	272 861	34 726	307 588
<b>Payments</b>			
Loans Repaid	(478 376)	(429 748)	(908 124)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>2 724 485</b>	<b>(395 022)</b>	<b>2 329 463</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(10 543 361)</b>	<b>1 684 395</b>	<b>(8 858 967)</b>
Cash and Cash Equivalents at the beginning of the year	12 725 667	6 108 425	18 834 092
Cash and Cash Equivalents at the end of the year	2 182 305	7 792 819	9 975 125
<b>NET DECREASE IN CASH HELD</b>	<b>(10 543 361)</b>	<b>1 684 395</b>	<b>(8 858 967)</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### **1 ACCOUNTING POLICIES**

#### **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 Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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

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

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

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

#### **1.2 TRANSITIONAL PROVISIONS**

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

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

#### **1.3 PRESENTATION CURRENCY**

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

#### **1.4 GOING CONCERN ASSUMPTION**

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



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.5 COMPARATIVE INFORMATION

#### 1.5.1 Prior year comparatives

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

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### 1.5.2 Amended Accounting Policies

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

### 1.6 MATERIALITY

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

### 1.7 BUDGET INFORMATION

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

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

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

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

#### 1.8.1 Effective dates determined

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

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

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

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

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

#### 1.8.2 Effective dates not yet determined

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

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

##### 1.8.2.1 GRAP 18 - Segment Reporting (Original - February 2011)

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

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

#### 1.8.2.2 GRAP 20 - Related Party Disclosure (Original - June 2011)

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

The Municipality resolved to develop an accounting policy as set out in note 1.35 and also adopt the disclosure requirements of this Standard.

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

#### 1.8.2.3 GRAP 32 - Service Concession Arrangements: Grantor (Original - August 2013)

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

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

#### 1.8.2.4 GRAP 108 - Statutory Receivables (Original - September 2013)

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

The Municipality resolved to develop an accounting policy as set out in note 1.18.

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

#### 1.8.2.5 GRAP 109 - Accounting by Principles and Agents(Original - July 2015)

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

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

#### 1.8.2.6 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.9 INVESTMENT PROPERTY

#### 1.9.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

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

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

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

#### 1.9.2 Subsequent Measurement – Cost Model

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.9 INVESTMENT PROPERTY (CONTINUED)

#### 1.9.3 Depreciation – Cost Model

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

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

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

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

	YEARS
Buildings	100
Land	Indefinite

#### 1.9.4 Impairment

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

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

#### 1.9.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### **1.10 PROPERTY, PLANT AND EQUIPMENT**

#### **1.10.1 Initial Recognition**

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

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

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

#### **1.10.2 Subsequent Measurement - Cost Model**

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 1.10.3 Depreciation

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

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

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

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

	YEARS		YEARS
<b>Infrastructure</b>		<b>Land and Buildings</b>	
Roads and Storm water	8 - 99	Buildings and	
Electricity Network	10 - 100	Improvements	10 - 120
Sewerage Network	13 - 89	Land	Indefinite
Water Network	10 - 102	<b>Other Assets</b>	
Refuse Removal	10 - 64	Computer Hardware	5 - 20
<b>Community</b>		Furniture and	
Cemeteries	100	Office Equipment	8 - 30
Clinics	100	Vehicles	8 - 50
Community Halls	5 - 100	Special Vehicles	15 - 50
Libraries	10 - 120	Tools and Equipment	8 - 33
Parks & Gardens	20 - 100	Other	10 - 50
Recreation Grounds	50 - 100	<b>Capitalised Restoration</b>	
Sports facilities	10 - 100	<b>Cost</b>	
<b>Finance lease assets</b>		Landfill Sites	9 - 68
Office Machines	3 - 15		

#### 1.10.4 Impairment

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

#### 1.10.5 Derecognition

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

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

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

### 1.11 INTANGIBLE ASSETS

#### 1.11.1 Initial Recognition

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

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

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

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

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



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.11 INTANGIBLE ASSETS (CONTINUED)

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

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

#### 1.11.2 Subsequent Measurement - Cost Model

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

#### 1.11.3 Amortisation

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

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

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

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

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

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

	<b>Years</b>
Computer Software	5

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.11 INTANGIBLE ASSETS (CONTINUED)

#### 1.11.4 Impairment

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

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

#### 1.11.5 Derecognition

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

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

### 1.12 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

#### 1.12.1 Recoverable amount of Cash-generating assets

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

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### **1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)**

#### **1.12.2 Recoverable amount of Non-cash-generating assets**

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

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

#### **1.12.3 Impairment loss**

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

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

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

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

#### **1.12.4 Reversal of an impairment loss**

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

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

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

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.13 INVENTORIES

#### 1.13.1 Initial Recognition

Inventories are assets:

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

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

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

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

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

#### 1.13.2 Subsequent Measurement

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

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

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

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.13 INVENTORIES (CONTINUED)

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

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

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

### 1.14 EMPLOYEE BENEFITS

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

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

#### 1.14.1 Post-Retirement Benefits

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

##### 1.14.1.1 Multi-employer defined benefit plans

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

##### 1.14.1.2 Post Retirement Medical Obligations

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.14 EMPLOYEE BENEFITS (CONTINUED)

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

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

#### 1.14.2 Long-term Benefits

##### 1.14.2.1 Long Service Awards

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

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

#### 1.14.3 Short-term Benefits

##### 1.14.3.1 Provision for Staff Leave

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

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

##### 1.14.3.2 Staff Bonuses Accrued

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.14 EMPLOYEE BENEFITS (CONTINUED)

#### 1.14.3.3 Provision for 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 accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

### 1.15 PROVISIONS

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

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

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

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

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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
  
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.15 PROVISIONS (CONTINUED)

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 LEASES

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

#### 1.16.1 Municipality as Lessee

##### 1.16.1.1 Finance Leases

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

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

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

##### 1.16.1.2 Operating leases

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

#### 1.16.2 Municipality as Lessor

##### 1.16.2.1 Operating Leases

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



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.17 FINANCIAL INSTRUMENTS

#### 1.17.1 Initial Recognition

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

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

#### 1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
  - (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.17 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.17.3 Impairment and uncollectability of financial assets

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

##### 1.17.3.1 *Financial assets measured at amortised cost*

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

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

##### 1.17.3.2 *Financial assets measured at cost*

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

#### 1.17.4 Derecognition of financial instruments

##### 1.17.4.1 *Financial assets*

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### **1.17 FINANCIAL INSTRUMENTS (CONTINUED)**

#### *1.17.4.2 Financial liabilities*

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

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

#### **1.17.5 Offsetting of financial instruments**

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

### **1.18 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.

#### **1.18.1 Initial Recognition**

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

#### **1.18.2 Subsequent Measurement**

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

#### **1.18.3 Impairment and uncollectability of statutory receivables**

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.18 STATUTORY RECEIVABLES (CONTINUED)

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

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

#### 1.18.4 Derecognition

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

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

### 1.19 CASH AND CASH EQUIVALENTS

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

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

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

### 1.20 RECEIVABLES

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.20 RECEIVABLES (CONTINUED)

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

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

### 1.21 TAXES (VALUE ADDED TAX)

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

### 1.22 PAYABLES AND ANNUITY LOANS

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

### 1.23 CONSUMER DEPOSITS

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

### 1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS (CONTINUED)

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

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

### 1.25 RESERVES

#### 1.25.1 Capital Replacement Reserve (CRR)

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

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

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

### 1.26 REVENUE

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

#### 1.26.1 Revenue from Non-Exchange Transactions

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.26 REVENUE (CONTINUED)

#### 1.26.1.1 Taxation Revenue

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

#### 1.26.1.2 Transfer Revenue

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

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

#### 1.26.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

#### 1.26.1.4 Insurance Receipts

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

#### 1.26.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.26 REVENUE (CONTINUED)

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

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

#### 1.26.1.7 Services in-kind

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

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

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

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

#### 1.26.1.8 Contributed Assets

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

### 1.26.2 Revenue from Exchange Transactions

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

#### 1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.26 REVENUE (CONTINUED)

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

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

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

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

#### 1.26.2.2 *Investment income*

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

#### 1.26.2.3 *Rental income*

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

#### 1.26.2.4 *Income from Agency Services*

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.26 REVENUE (CONTINUED)

#### 1.26.2.5 Other Tariffs

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

#### 1.26.2.6 Sale of goods

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

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

#### 1.26.2.7 Deferred payment

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

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

### 1.27 BORROWING COSTS

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

### 1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.29 IRREGULAR EXPENDITURE

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

### 1.30 FRUITLESS AND WASTEFUL EXPENDITURE

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

### 1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

### 1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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

### 1.33 CAPITAL COMMITMENTS

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.34 EVENTS AFTER REPORTING DATE

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

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

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

### 1.35 RELATED PARTIES

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

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

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

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### 1.36.1 Application of Directive 7

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

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

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.

For deemed cost applied to Investment Property 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.

#### 1.36.2 Impairment of Receivables

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

#### 1.36.3 Useful lives and residual values

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

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

#### 1.36.4 Impairment of non-monetary assets

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

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

#### 1.36.5 Post-Retirement and Long-term Benefits

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

#### 1.36.6 Provisions and Contingent Liabilities

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

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

#### 1.36.7 Financial assets and liabilities

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

#### 1.36.8 Revenue Recognition

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Primary Bank Account	14 369 648	2 819 992
Call and Notice Deposits	-	16 000 000
Cash Floats	14 150	14 100
<b>Total</b>	<b>14 383 798</b>	<b>18 834 092</b>
Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Conditional Grants	278 750	172 039
Unspent Public Contributions	117 028	46 357
Capital Replacement Reserve	13 500 000	17 750 000
Working Capital Requirements	488 020	865 695
<b>Total</b>	<b>14 383 798</b>	<b>18 834 092</b>
<b>Primary Bank Account</b>		
Bredasdorp ABSA - Account number 40 5883 2586		
Bank Statement Balance - Opening Balance	2 627 367	11 158 873
Bank Statement Balance - Closing Balance	12 696 269	2 627 367
Cashbook Balance - Opening Balance	2 819 992	11 393 101
Cashbook Balance - Closing Balance	14 369 648	2 819 992
A bank overdraft facility of R2 000 000 exists at ABSA.		
<b>Other Bank Accounts</b>		
Bredasdorp ABSA - Account number 40 6412 1626		
The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2015 and 30 June 2016.		
Guarantees relating to the following entities are held at ABSA:		
The Post Office	<b>50 000</b>	<b>50 000</b>
<b>Call and Notice Deposits</b>		
Call and Notice Deposits consist out of the following accounts:		
Standard Bank - Acc No 478526628002	-	10 000 000
Nedbank - Acc No 7881714298	-	6 000 000
	-	<b>16 000 000</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 2 CASH AND CASH EQUIVALENTS (CONTINUED)

There were no Call and Notice Deposits on 30 June 2016. During the prior year, interest between 6.250 % and 6.375 % were attracted by these short term deposits.

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

#### 30 JUNE 2016

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>26 167 113</b>	<b>9 141 100</b>	<b>17 026 013</b>
Electricity	11 432 383	1 258 425	10 173 959
Water	5 264 298	2 697 342	2 566 957
Refuse	2 537 793	1 381 044	1 156 749
Sewerage	1 908 029	1 135 855	772 174
Other Services	5 024 609	2 668 435	2 356 174
<b>Other Receivables</b>	<b>7 311 346</b>	-	<b>7 311 346</b>
Asset Sales	5 139 570	-	5 139 570
Payments in Advance	957 562	-	957 562
Other Arrears	1 214 213	-	1 214 213
<b>Total</b>	<b>33 478 459</b>	<b>9 141 100</b>	<b>24 337 359</b>

#### 30 JUNE 2015

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>21 259 618</b>	<b>6 953 795</b>	<b>14 305 823</b>
Electricity	9 539 217	1 020 236	8 518 981
Water	4 407 114	2 311 312	2 095 802
Refuse	1 686 773	760 741	926 031
Sewerage	1 293 580	697 961	595 619
Other Services	4 332 933	2 163 544	2 169 390
<b>Other Receivables</b>	<b>2 293 272</b>	-	<b>2 293 272</b>
Payments in Advance	876 073	-	876 073
Other Arrears	1 417 198	-	1 417 198
<b>Total</b>	<b>23 552 889</b>	<b>6 953 795</b>	<b>16 599 095</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

<b>Balance previously reported</b>	<b>24 409 281</b>	<b>6 228 451</b>	<b>18 180 830</b>
Prior Period Adjustment (Payments in Advance) - Refer to note 43.01	28 660	-	28 660
Prior Period Adjustment (Other Arrears) - Refer to note 43.01	(24 725)	-	(24 725)
Prior Period Adjustment (Service Receivables) - Refer to note 43.01	(860 327)	725 344	(1 585 671)
<b>Restated Balance on 30 June 2015</b>	<b>23 552 889</b>	<b>6 953 795</b>	<b>16 599 095</b>

Included in the outstanding balances are consumer debtors to the value of R 943 599 (2015 - R 746 778), who have made arrangements to repay their outstanding debt over a re-negotiated period.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>Ageing of service receivables:</b>		
<b>Electricity Ageing</b>		
Current (0 - 30 days)	9 331 588	7 403 303
Past Due (31 - 60 Days)	758 596	1 137 664
Past Due (61 - 90 Days)	267 879	131 842
Past Due (90 Days +)	1 074 319	866 408
<b>Total</b>	<b>11 432 383</b>	<b>9 539 217</b>
<b>Water Ageing</b>		
Current (0 - 30 days)	2 177 480	1 870 921
Past Due (31 - 60 Days)	404 805	481 191
Past Due (61 - 90 Days)	241 283	218 565
Past Due (90 Days +)	2 440 730	1 836 438
<b>Total</b>	<b>5 264 298</b>	<b>4 407 114</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Refuse Ageing</b>		
Current (0 - 30 days)	920 138	728 222
Past Due (31 - 60 Days)	252 853	165 968
Past Due (61 - 90 Days)	127 095	73 002
Past Due (90 Days +)	1 237 707	719 581
<b>Total</b>	<b>2 537 793</b>	<b>1 686 773</b>
<b>Sewerage Ageing</b>		
Current (0 - 30 days)	599 283	462 394
Past Due (31 - 60 Days)	194 109	131 634
Past Due (61 - 90 Days)	102 428	62 922
Past Due (90 Days +)	1 012 209	636 630
<b>Total</b>	<b>1 908 029</b>	<b>1 293 580</b>
<b>Other Services Ageing</b>		
Current (0 - 30 days)	2 033 582	1 692 775
Past Due (31 - 60 Days)	395 741	463 565
Past Due (61 - 90 Days)	208 451	394 541
Past Due (90 Days +)	2 386 835	1 782 053
<b>Total</b>	<b>5 024 609</b>	<b>4 332 933</b>
<b>Total Service Receivables Ageing</b>		
Current (0 - 30 days)	15 062 072	12 157 615
Past Due (31 - 60 Days)	2 006 104	2 380 022
Past Due (61 - 90 Days)	947 137	880 871
Past Due (90 Days +)	8 151 800	5 841 109
<b>Total</b>	<b>26 167 113</b>	<b>21 259 618</b>

### Ageing per Customer Classification - 30 June 2016

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	9 831 826	5 118 084	112 162
Past Due (31 - 60 Days)	1 797 281	205 720	3 104
Past Due (61 - 90 Days)	809 331	134 690	3 116
Past Due (90 Days +)	7 819 949	282 635	49 215
<b>Sub-Total</b>	<b>20 258 388</b>	<b>5 741 129</b>	<b>167 597</b>
Less Allowance for Impairment	(8 728 589)	(361 274)	(51 238)
<b>Total</b>	<b>11 529 799</b>	<b>5 379 855</b>	<b>116 359</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R		2015 R	
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>				
<b>Ageing per Customer Classification - 30 June 2015</b>				
	<b>Consumers</b>	<b>Industrial/ Commercial</b>	<b>National and Provincial Government</b>	
	<b>R</b>	<b>R</b>	<b>R</b>	
Current (0 - 30 days)	8 724 940	3 336 943	95 732	
Past Due (31 - 60 Days)	2 118 681	215 556	45 785	
Past Due (61 - 90 Days)	642 920	196 890	41 061	
Past Due (90 Days +)	5 506 787	214 451	119 871	
<b>Sub-Total</b>	<b>16 993 327</b>	<b>3 963 840</b>	<b>302 450</b>	
Less Allowance for Impairment	(6 621 813)	(244 943)	(87 039)	
<b>Total</b>	<b>10 371 514</b>	<b>3 718 897</b>	<b>215 411</b>	
Included in Consumers are indigent balances amounting to R 1 726 670 (2015 - R 2 455 200). These balances were fully impaired.				
<b>Reconciliation of Allowance for impairment</b>				
Balance at the beginning of the year		6 953 794	7 791 716	
Contribution to the provision		3 697 267	3 345 372	
Electricity		385 351	137 812	
Water		897 433	1 591 704	
Refuse		791 245	426 167	
Sewerage		585 107	441 412	
Other Services		1 038 131	567 850	
Other Receivables		-	180 426	
Bad Debts Written off		(1 509 961)	(4 183 294)	
Electricity		(147 163)	(542 409)	
Water		(511 403)	(1 015 046)	
Refuse		(170 942)	(462 049)	
Sewerage		(147 212)	(337 146)	
Other Services		(533 240)	(1 161 364)	
Other Receivables		-	(665 279)	
<b>Balance at the end of the year</b>		<b>9 141 100</b>	<b>6 953 794</b>	

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2016

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>6 167 613</b>	<b>3 683 456</b>	<b>2 484 157</b>
Rates	6 167 613	3 683 456	2 484 157
<b>Other Receivables</b>	<b>8 140 281</b>	<b>5 888 007</b>	<b>2 252 274</b>
Unpaid Fines	8 123 981	5 888 007	2 235 974
Sundry Deposits	16 300	-	16 300
<b>Total</b>	<b>14 307 894</b>	<b>9 571 463</b>	<b>4 736 431</b>

30 JUNE 2015

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>4 969 617</b>	<b>2 781 448</b>	<b>2 188 169</b>
Rates	4 969 617	2 781 448	2 188 169
<b>Other Receivables</b>	<b>3 045 081</b>	<b>2 219 046</b>	<b>826 035</b>
Unpaid Fines	3 045 081	2 219 046	826 035
<b>Total</b>	<b>8 014 698</b>	<b>5 000 493</b>	<b>3 014 205</b>
<b>Balance Previously Reported</b>	<b>8 014 698</b>	<b>5 127 012</b>	<b>2 887 686</b>
Prior Period Adjustment - Refer to note 43.02	-	(126 519)	126 519
<b>Restated Balance on 30 June 2015</b>	<b>8 014 698</b>	<b>5 000 493</b>	<b>3 014 205</b>

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2016	2015
	R	R
<b>Ageing of service receivables:</b>		
<b>Rates Ageing</b>		
Current (0 - 30 days)	2 018 685	1 751 188
Past Due (31 - 60 Days)	387 404	388 528
Past Due (61 - 90 Days)	186 228	122 776
Past Due (90 Days +)	3 575 296	2 707 125
<b>Total</b>	<b>6 167 613</b>	<b>4 969 617</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing per Customer Classification - 30 June 2016

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	1 950 140	68 070	475
Past Due (31 - 60 Days)	370 842	16 562	-
Past Due (61 - 90 Days)	173 995	12 076	157
Past Due (90 Days +)	2 757 981	122 955	694 360
<b>Sub-Total</b>	<b>5 252 957</b>	<b>219 664</b>	<b>694 992</b>
Less Allowance for Impairment	(2 869 733)	(119 346)	(694 377)
<b>Total</b>	<b>2 383 224</b>	<b>100 318</b>	<b>615</b>

#### Ageing per Customer Classification - 30 June 2015

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	1 692 589	58 203	396
Past Due (31 - 60 Days)	367 475	17 277	3 776
Past Due (61 - 90 Days)	112 852	9 924	-
Past Due (90 Days +)	2 047 612	80 368	579 145
<b>Sub-Total</b>	<b>4 220 528</b>	<b>165 773</b>	<b>583 317</b>
Less Allowance for Impairment	(2 125 441)	(76 824)	(579 183)
<b>Total</b>	<b>2 095 087</b>	<b>88 949</b>	<b>4 134</b>

Included in Consumers are indigent balances amounting to R 303 791 (2015 - R 327 590). These balances were fully impaired.

#### Reconciliation of Allowance for impairment

Balance at the beginning of the year	5 000 493	2 908 273
Contribution to the provision	4 730 488	2 552 203
Rates	1 061 527	821 655
Fines	3 668 962	1 730 548
Bad Debts Written off	(159 519)	(459 982)
Rates	(159 519)	(459 982)
<b>Balance at the end of the year</b>	<b>9 571 463</b>	<b>5 000 493</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

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

2016	2015
R	R

### 5 OPERATING LEASES

#### 5.1 OPERATING LEASE ASSETS

	63 532	62 336
Operating Lease Asset		
Balance Previously Reported		66 872
Prior Period Adjustment - Refer to note 43.03		(4 536)

The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset:

Balance at the beginning of the year	62 336	68 333
Movement during the year	1 197	(5 997)
Balance at the end of the year	<u>63 532</u>	<u>62 336</u>

The municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	285 053	303 337
Between 1 and 5 Years	465 442	399 893
After 5 Years	143 663	144 859
	<u>894 158</u>	<u>848 089</u>

The lease payments are in respect of properties being lease out over a period ranging up to 2026.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

5 OPERATING LEASES (CONTINUED)	2016 R	2015 R
<b>5.2 OPERATING LEASE LIABILITIES</b>		
Operating Lease Liability	<b>26 410</b>	<b>16 067</b>
Balance Previously Reported		11 531
Prior Period Adjustment - Refer to note 43.04		4 536

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

Reconciliation of Operating Lease Liability:

Balance at the beginning of the year	16 067	1 501
Movement during the year	10 343	14 566
Balance at the end of the year	<b>26 410</b>	<b>16 067</b>

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

Within 1 Year	385 879	385 047
Between 1 and 5 Years	173 344	559 222
	<b>559 222</b>	<b>944 270</b>

The operating lease liability relates to the following lease arrangements:

Nedbank Building - The Municipality entered into a lease agreement to obtain additional office space. The lease agreement commenced on 16 January 2015 and will run up to 31 December 2017. The initial monthly rental is R 28 500 (VAT inclusive) and the lease is subject to an annual increase of 7.5%. The municipality has the option to renew the lease after 31 December 2017.

Rothman Building - The Municipality entered into a lease agreement to obtain additional office space. The lease agreement commenced on 1 March 2014 and will run up to 28 February 2017. The initial monthly rental is R 7 345 (VAT inclusive) and the lease is subject to an annual increase of 6.5%.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>6 LONG-TERM RECEIVABLES</b>		
Loans to Organisations	-	4 439
Individual Housing Loans	254 249	278 561
<b>Sub-Total</b>	<b>254 249</b>	<b>283 000</b>
Less: Current portion of Long-term Receivables	27 208	28 751
Loans to organisations	-	4 439
Individual Housing Loans	27 208	24 311
<b>Total</b>	<b>227 042</b>	<b>254 249</b>
<b>Balance Previously Reported</b>		<b>278 561</b>
Prior Period Adjustment - Refer to note 43.07		(24 311)
<b>Restated Balance on 30 June 2015</b>		<b>254 249</b>

### Loans to Organisations

The loans to organisations consist only out of a balance outstanding from "Liefdesnessie". The loan was made to fund the upgrading of the fencing around building of this welfare organisation. The loan will be fully redeemed on 30 June 2016.

### Individual Housing Loans

The loans was granted to facilitate housing schemes in the municipal area.

## 7 INVENTORY

Consumables	1 437 695	1 418 868
Balance Previously Reported		1 454 824
Prior Period Adjustments - Refer to note 43.06		(35 956)
Water	40 670	30 265
<b>Total</b>	<b>1 478 364</b>	<b>1 449 133</b>

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

No inventory were pledged as security for liabilities.

No Inventory losses or surpluses were identified during the annual stores counts.

Inventory recognised as an expense during the year.	2 206 313	1 802 681
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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 8 INVESTMENT PROPERTY

Investment Property - Carrying Value

2016  
R

2015  
R

**40 522 559**

**40 705 756**

The movement in investment properties is reconciled as follows:

#### Opening Carrying Value

**40 705 756**

**40 714 286**

Cost

40 816 800

40 816 800

Accumulated Depreciation

(111 044)

(102 514)

Depreciation for the year

(8 530)

(8 530)

Disposals

(174 667)

-

#### Closing Carrying Value

**40 522 559**

**40 705 756**

Cost

40 642 133

40 816 800

Accumulated Depreciation

(119 574)

(111 044)

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2016

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
<b>Opening Carrying Value</b>	<b>73 641 397</b>	<b>191 103 316</b>	<b>15 583 212</b>	<b>1 006 724</b>	<b>20 269 755</b>	<b>301 604 404</b>
Cost	83 788 632	237 937 764	17 784 513	1 096 561	31 324 321	371 931 791
Accumulated Depreciation	(10 147 235)	(46 834 449)	(2 201 301)	(89 837)	(11 054 566)	(70 327 387)
Additions	757 004	11 504 318	5 758 204	144 800	3 050 878	21 215 204
Depreciation for the year	(430 247)	(6 310 405)	(279 570)	(213 596)	(1 933 327)	(9 167 144)
Disposals	(725 766)	(27 832)	(1 735)	(1 190)	(409 542)	(1 166 065)
Cost	(886 000)	(47 821)	(2 372)	(49 349)	(776 085)	(1 761 627)
Accumulated Depreciation	160 234	19 989	637	48 159	366 543	595 562
<b>Closing Carrying Value</b>	<b>73 242 388</b>	<b>196 269 397</b>	<b>21 060 111</b>	<b>936 738</b>	<b>20 977 765</b>	<b>312 486 398</b>
Cost	83 659 635	249 394 261	23 540 346	1 192 011	33 599 114	391 385 368
Accumulated Depreciation	(10 417 248)	(53 124 865)	(2 480 235)	(255 273)	(12 621 349)	(78 898 970)
<b>Work In Progress</b>	<b>-</b>	<b>6 844 829</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 844 829</b>

Work In Progress is included in carrying value of property plant and equipment.  
No Depreciation charge is recognised against these amounts.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2015

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
<b>Opening Carrying Value</b>	<b>73 910 571</b>	<b>179 834 396</b>	<b>13 186 599</b>	<b>490 892</b>	<b>20 894 554</b>	<b>288 317 013</b>
Cost	83 648 846	220 931 856	15 180 630	865 717	30 158 052	350 785 100
Accumulated Depreciation	(9 738 274)	(41 097 460)	(1 994 031)	(374 825)	(9 263 498)	(62 468 087)
Additions	139 786	17 292 520	2 603 883	879 600	1 669 845	22 585 635
Depreciation for the year	(408 961)	(5 830 430)	(207 271)	(181 762)	(2 135 308)	(8 763 732)
Disposals	-	(193 170)	-	(182 007)	(159 335)	(534 512)
Cost	-	(286 611)	-	(648 756)	(503 576)	(1 438 943)
Accumulated Depreciation	-	93 441	-	466 750	344 241	904 431
<b>Closing Carrying Value</b>	<b>73 641 397</b>	<b>191 103 316</b>	<b>15 583 212</b>	<b>1 006 724</b>	<b>20 269 755</b>	<b>301 604 404</b>
Cost	83 788 632	237 937 764	17 784 513	1 096 561	31 324 321	371 931 791
Accumulated Depreciation	(10 147 235)	(46 834 449)	(2 201 301)	(89 837)	(11 054 566)	(70 327 387)
<b>Work In Progress</b>	<b>-</b>	<b>5 221 249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 221 249</b>

Work In Progress is included in carrying value of property plant and equipment.

No Depreciation charge is recognised against these amounts.

<b>Balance Previously Reported</b>	<b>69 285 919</b>	<b>191 103 316</b>	<b>15 363 772</b>	<b>1 006 724</b>	<b>24 914 470</b>	<b>301 674 200</b>
Prior Period Adjustment - Refer to note 43.08	4 355 478	-	219 441	-	(4 644 715)	(69 796)
<b>Restated Balance on 30 June 2015</b>	<b>73 641 397</b>	<b>191 103 316</b>	<b>15 583 212</b>	<b>1 006 724</b>	<b>20 269 755</b>	<b>301 604 404</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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### INTANGIBLE ASSETS

	2016 R	2015 R
Intangible Assets - Carrying Value	<u>882 653</u>	<u>1 125 338</u>

The movement in intangible assets is reconciled as follows:

	1 125 338	564 809
<b>Opening Carrying Value</b>		
Cost	1 492 652	774 025
Accumulated Depreciation	(367 314)	(209 216)
Additions	50 000	718 627
Amortisation for the year	(292 685)	(158 098)
<b>Closing Carrying Value</b>	<b>882 653</b>	<b>1 125 338</b>
Cost	1 542 652	1 492 652
Accumulated Depreciation	(659 999)	(367 314)

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

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### CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value	<u>48 676 251</u>	<u>53 055 616</u>
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The movement in capitalised restoration cost is reconciled as follows:

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 11 CAPITALISED RESTORATION COST (PPE) (CONTINUED)

	2016 R	2015 R
<b>Opening Carrying Value</b>	<b>53 055 616</b>	<b>17 756 682</b>
Cost	57 461 353	21 010 136
Accumulated Depreciation	(1 214 570)	(824 810)
Accumulated Impairments	(3 191 167)	(2 428 644)
Additions	-	36 451 218
Disposals	(3 180 539)	-
Depreciation for the year	(1 202 362)	(389 761)
Impairments for the year	-	(762 523)
Reversal of Impairments for the year	3 535	-
<b>Closing Carrying Value</b>	<b>48 676 251</b>	<b>53 055 616</b>
Cost	54 280 815	57 461 353
Accumulated Depreciation	(2 416 932)	(1 214 570)
Accumulated Impairments	(3 187 632)	(3 191 167)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cape Agulhas Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 21 for more detail relating to this asset financed by way of a provision

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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### LONG-TERM LIABILITIES

	2016 R	2015 R
Annuity Loans	2 642 522	399 444
Finance Lease Liabilities	730 695	962 403
<b>Sub-Total</b>	<b>3 373 217</b>	<b>1 361 846</b>
Less: Current portion of Long-term Liabilities	869 577	516 986
Annuity Loans	484 019	185 375
Finance Lease Liabilities	385 557	331 611
Balance Previously Reported		164 618
Prior Period Adjustment - Refer to note 43.09		166 993
<b>Total</b>	<b>2 503 641</b>	<b>844 860</b>

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

**Annuity Loans**

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

Development Bank of South Africa (DBSA)	214 132	399 444
The loan balance consist out of one agreement. Interest is calculated at 15.00% and the loan will be fully redeemed on 30 June 2017.		
Amalgamated Banks of South Africa (ABSA)	2 428 390	-
Interest is calculated at 10.60% interest rate. The infrastructure loan will be fully redeemed on 30 June 2026 whilst the loans for vehicles and machinery will be fully redeemed on 30 June 2021 . Annuity loans consist out of four loan agreements		
	<b>2 642 522</b>	<b>399 444</b>

Further detail relating to Annuity Loans is included in Appendix A.

Annuity loans are payable as follows:

Payable within one year	758 856	238 724
Payable within two to five years	2 081 304	238 457
Payable after five years	987 637	-
<b>Total amount payable</b>	<b>3 827 797</b>	<b>477 180</b>
<b>Less:</b> Outstanding Future Finance Charges	<b>(1 185 275)</b>	<b>(77 737)</b>
<b>Present value of annuity loans</b>	<b>2 642 522</b>	<b>399 444</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 12 LONG-TERM LIABILITIES (CONTINUED)

#### Finance Lease Liabilities

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

Nr	Institution	Interest Rate	Redemption Date
1	Custom Capital (2 Copiers - 36 Months)	8.50%	2015-10-31
2	Nashua (1 Copier - 36 Months)	9.00%	2017-02-28
3	Nashua (31 Copiers (2015 - 28 Copiers) - 36 Months)	9.37%	2018-05-31

All lease agreements have no escalation clause over the respective periods. After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Equipment will be returned to the supplier at the end of the lease term when the contract is cancelled.

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2016 R	2015 R	2016 R	2015 R
1	-	4 979	-	5 455
2	128 533	145 294	41 236	98 648
3	808 205	856 305	689 459	858 300
	<b>936 738</b>	<b>1 006 578</b>	<b>730 695</b>	<b>962 403</b>

The carrying value of assets, which are pledged as security for outstanding liabilities, are included in the property, plant and equipment carrying value in note 9.

	2016 R	2015 R
Finance Lease Liabilities are payable as follows:		
Payable within one year	437 020	406 292
Payable within two to five years	361 515	688 135
<b>Total amount payable</b>	<b>798 535</b>	<b>1 094 427</b>
<b>Less:</b> Outstanding Future Finance Charges	(67 840)	(132 024)
<b>Present value of finance lease liabilities</b>	<b>730 695</b>	<b>962 403</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>13 CONSUMER DEPOSITS</b>		
Electricity	2 481 745	2 390 687
Water	1 526 337	1 454 159
<b>Total</b>	<b>4 008 082</b>	<b>3 844 846</b>
Guarantees held in lieu of Electricity and Water Deposits	-	-

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

### 14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	2 305 725	8 013 489
Balance Previously Reported		6 593 722
Prior Period Adjustment - Refer to note 43.10		1 419 767
Retentions	1 005 490	999 723
Pre-Paid Electricity	219 216	195 216
Debtors with credit balances	1 260 512	1 542 458
Sundry Creditors	581 900	706 349
Sundry Deposits	495 237	444 891
<b>Total</b>	<b>5 868 080</b>	<b>11 902 127</b>

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>15 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
National Government	130 760	-
Provincial Government	147 990	172 039
<b>Total</b>	<b>278 750</b>	<b>172 039</b>

Detail reconciliations of all grants received and grant conditions met are included in note 24. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

### 16 UNSPENT PUBLIC CONTRIBUTIONS

Mayoral Golf Day	59 670	46 357
Marine Drive Cables	57 358	-
<b>Total</b>	<b>117 028</b>	<b>46 357</b>

Detail reconciliations of all public contributions received are included in note 25. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.

### 17 TAXES

Vat Payable	2 475 367	1 570 411
Vat Receivable	(1 144 954)	(904 734)
<b>Total</b>	<b>1 330 413</b>	<b>665 677</b>

<b>Balance Previously reported</b>	<b>626 271</b>
Prior Period Adjustment - Refer to note 43.11	39 406

<b>Restated Balance on 30 June 2015</b>	<b>665 677</b>
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VAT is accounted for on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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### CURRENT EMPLOYEE BENEFITS

	2016 R	2015 R
Post Retirement Medical Benefits	981 048	828 744
Long Service Awards	634 521	454 112
Performance Bonuses	688 810	547 618
Bonuses	2 478 310	1 904 720
Staff Leave	5 225 450	4 097 335
<b>Total</b>	<b>10 008 140</b>	<b>7 832 528</b>

The movement in current employee benefits are reconciled as follows:

#### Performance Bonuses

Opening Balance	547 618	535 746
Contribution during the year	784 941	555 126
Payments made	(643 748)	(543 254)
Opening Balance	<b>688 810</b>	<b>547 618</b>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

#### Bonuses

Opening Balance	1 904 720	1 617 775
Contribution during the year	4 210 819	3 289 858
Payments made	(3 637 229)	(3 002 913)
Opening Balance	<b>2 478 310</b>	<b>1 904 720</b>

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>18 CURRENT EMPLOYEE BENEFITS (CONTINUED)</b>		
<b><u>Staff Leave</u></b>		
Opening Balance	4 097 335	3 518 532
Contribution during the year	1 415 177	923 671
Payments made	(287 062)	(344 869)
Opening Balance	<b>5 225 450</b>	<b>4 097 335</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.

<b>19 PROVISIONS</b>		
Current portion of Rehabilitation Provision	3 858 715	3 654 891
<b>Total</b>	<b>3 858 715</b>	<b>3 654 891</b>

The current portion of rehabilitation provision relates to the landfill sites in the municipal area. More detail relating to this provision is included in note 21.

<b>20 EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	44 244 031	38 146 819
Long Service Awards	6 995 996	5 819 691
<b>Sub-Total</b>	<b>51 240 027</b>	<b>43 966 510</b>
Less: Current portion of Employee Benefits	<b>1 615 569</b>	<b>1 282 856</b>
Post Retirement Medical Benefits	981 048	828 744
Long Service Awards	634 521	454 112
<b>Total</b>	<b>49 624 458</b>	<b>42 683 654</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 EMPLOYEE BENEFITS (CONTINUED)

#### 20.1 Post Retirement Medical Benefits

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

	2016 R	2015 R
Opening Balance	38 146 819	32 636 948
Contribution during the year	5 449 952	4 652 464
Current Service Cost	2 073 591	1 681 639
Interest Cost	3 376 361	2 970 825
Payments made	(748 314)	(711 620)
Actuarial Loss	1 395 574	1 569 027
Total balance at year-end	44 244 031	38 146 819
Less Current Portion	981 048	828 744
<b>Total</b>	<b>43 262 983</b>	<b>37 318 075</b>

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

	2016	2015
In-service members	115	93
In-service non-members	230	216
Continuation members	24	23
<b>Total</b>	<b>369</b>	<b>332</b>

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

	2016 R	2015 R
In-service members	29 245 620	24 900 937
Continuation members	14 998 411	13 245 882
<b>Total Unfunded Liability</b>	<b>44 244 031</b>	<b>38 146 819</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2014 R	2013 R	2012 R
In-service members	20 294 416	16 097 224	13 968 707
Continuation members	12 342 532	11 167 480	9 077 618
<b>Total Unfunded Liability</b>	<b>32 636 948</b>	<b>27 264 704</b>	<b>23 046 325</b>

Experience adjustments were calculated as follows:

	2016 R m	2015 R m
Liabilities: (Gain)/Loss	2.923	1.761
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2014 R m	2013 R m	2012 R m
Liabilities: (Gain)/Loss	(0.085)	0.878	-
Assets: Gain/(Loss)	-	-	-

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

Bonitas  
LA Health  
Hosmed  
Samwumed  
Keyhealth

Key Actuarial Assumptions used are as follows:

#### Interest Rates

	2016	2015
Discount rate	9.82%	8.95%
Health Care Cost Inflation Rate	8.75%	8.06%
Net Effective Discount Rate	0.98%	0.82%

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 EMPLOYEE BENEFITS (CONTINUED)

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

#### Mortality Rates

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

#### Normal Retirement Age

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

#### Last Valuation

The last valuation was performed on 7 June 2016.

#### Actuarial Valuation Method

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

#### Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	29.246	14.998	44.244	
Health care inflation				
+ 1%	36.490	16.609	53.099	20%
- 1%	23.619	13.612	37.230	-16%
Discount rate				
+ 1%	23.710	13.635	37.345	-16%
- 1%	36.487	16.609	53.095	20%
Post-retirement mortality				
- 1 year	30.351	15.572	45.924	4%
Average retirement age				
- 1 year	31.914	14.998	46.912	6%
Continuation of membership at retirement				
- 10%	25.926	14.998	40.925	-8%

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Current Service		Interest Cost R m	Total Cost R m	% change
	Cost R m				
Future Cost	2.403		4.297	6.699	
Health care inflation					
+ 1%	3.053		5.166	8.219	23%
- 1%	1.906		3.608	5.514	-18%
Discount rate					
+ 1%	1.931		3.988	5.919	-12%
- 1%	3.025		4.639	7.664	14%
Post-retirement mortality					
- 1 year	2.492		4.461	6.954	4%
Average retirement age					
- 1 year	2.629		4.558	7.187	7%
Continuation of membership at retirement					
- 10%	2.132		3.971	6.103	-9%

#### 20.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	5 819 691	5 013 580
Contribution during the year	913 494	777 730
Current Service Cost	460 270	376 150
Interest Cost	453 224	401 580
Payments made	(562 989)	(322 575)
Actuarial Loss	825 800	350 956
Total balance at year-end	<b>6 995 996</b>	<b>5 819 691</b>
Less Current Portion	634 521	454 112
<b>Total</b>	<b>6 361 475</b>	<b>5 365 579</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 EMPLOYEE BENEFITS (CONTINUED)

The following members are eligible for long service bonuses:

	2016	2015
In-service members	<u>345</u>	<u>309</u>

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

	2016 R	2015 R
In-service members	<u>6 995 996</u>	<u>5 819 691</u>
<b>Total Unfunded Liability</b>	<b><u>6 995 996</u></b>	<b><u>5 819 691</u></b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2014 R	2013 R	2012 R
In-service members	<u>5 013 580</u>	<u>4 074 905</u>	<u>3 324 864</u>
<b>Total Unfunded Liability</b>	<b><u>5 013 580</u></b>	<b><u>4 074 905</u></b>	<b><u>3 324 864</u></b>

Experience adjustments were calculated as follows:

	2016 R	2015 R
Liabilities: (Gain)/Loss	892 912	335 973
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2014 R	2013 R	2012 R
Liabilities: (Gain)/Loss	624 617	116 176	-
Assets: Gain/(Loss)	-	-	-



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 EMPLOYEE BENEFITS (CONTINUED)

2016 2015

Key Actuarial Assumptions used are as follows:

#### Interest Rates

Discount rate	9.17%	8.10%
General Salary Inflation (long-term)	7.97%	7.16%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.11%	0.87%

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

#### Last Valuation

The last valuation was performed on 7 June 2016.

#### Actuarial Valuation Method

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

#### Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	6.996	
General salary inflation		
+ 1%	7.568	8%
- 1%	6.486	-7%
Discount rate		
+ 1%	6.467	-8%
- 1%	7.602	9%
Average retirement age		
- 2 years	6.065	-13%
+ 2 years	7.727	10%
Withdrawal rates		
- 50 %	8.237	18%

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Current Service		Total Cost R	% change
	Cost R	Interest Cost R		
Future Cost	561 400	612 900	1 174 300	
General salary inflation				
+ 1%	616 900	665 200	1 282 100	9%
- 1%	512 800	566 300	1 079 100	-8%
Discount rate				
+ 1%	516 000	626 000	1 142 000	-3%
- 1%	614 100	595 500	1 209 600	3%
Average retirement age				
- 2 years	497 100	527 600	1 024 700	-13%
+ 2 years	618 500	679 900	1 298 400	11%
Withdrawal rates				
- 50 %	726 200	726 700	1 452 900	24%

### 20.3 Other Pension Benefits

Defined Benefit Plans	2016 R	2015 R
Council contributes to the following defined benefit plans:		
Cape Joint Pension Fund	232 033	201 698
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 101.4% (30 June 2014 - 106.2%).		
Cape Retirement Fund	8 929 418	7 044 959
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.1% (30 June 2014 - 112.6%).		
<b>Total</b>	<b>9 161 451</b>	<b>7 246 657</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 EMPLOYEE BENEFITS (CONTINUED)

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

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

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

	2016	2015
	R	R
<b>Defined Contribution Plans</b>		
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	269 593	271 383
SAMWU National Provident Fund	1 003 289	882 771
<b>Total</b>	<b>1 272 881</b>	<b>1 154 154</b>

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.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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### NON-CURRENT PROVISIONS

	2016 R	2015 R
Rehabilitation Provision - Landfill Sites	<u>58 361 946</u>	<u>58 094 234</u>
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	61 749 125	24 038 676
Contribution during the year	471 536	37 710 449
Increase/(Decrease) in estimate	(3 193 655)	36 451 218
Interest Cost	3 665 191	1 259 231
Total balance at year-end	62 220 661	61 749 125
Less Current Portion	3 858 715	3 654 891
<b>Total</b>	<u><b>58 361 946</b></u>	<u><b>58 094 234</b></u>

The total obligation at year-end can be attributed to the following sites:

Site	Expected Closure Date		
Bredasdorp	2066	25 698 748	25 640 750
Napier	2055	15 806 935	15 809 454
Waenhuiskrans	2055	3 251 267	3 093 514
Struisbaai	2055	13 604 995	13 550 516
L'Agulhas	2009 (Over due)	3 858 715	3 654 891
<b>Total</b>		<u><b>62 220 661</b></u>	<u><b>61 749 125</b></u>

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is benchmarked against the Earthworks Index as published by Statssa. The discount rate used was stated at 5.94% (2015 – 5.24%).

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites.

The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m<sup>2</sup>):

	2016	2015
Bredasdorp	77 370	77 370
Napier	40 810	40 810
Waenhuiskrans	4 500	4 500
Struisbaai	33 952	33 952
L'Agulhas	5 603	5 603

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 21 NON-CURRENT PROVISIONS (CONTINUED)

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m<sup>2</sup>):

	2016	2015
Bredasdorp	332	331
Napier	387	387
Waenhuiskrans	723	687
Struisbaai	401	399
L'Agulhas	689	652

### 22 RESERVES

	2016 R	2015 R
Accumulated Surplus	297 466 355	288 708 707
Capital Replacement Reserve	13 500 000	17 750 000
<b>Total</b>	<b>310 966 354</b>	<b>306 458 706</b>

### 23 PROPERTY RATES

Total Property Rates	50 145 020	43 056 253
Less: Rebates	(214 041)	(161 048)
<b>Total</b>	<b>49 930 979</b>	<b>42 895 205</b>

Property rate levied are based on the following rateable valuations:

Residential	6 818 366 700	6 759 136 700
Business & Commercial	570 243 000	567 745 000
Public benefit Organizations	92 580 000	92 580 000
State-owned	273 916 000	273 816 000
Agricultural	2 430 471 000	2 428 042 000
Other	501 138 200	493 950 200
<b>Total Valuation</b>	<b>10 686 714 900</b>	<b>10 615 269 900</b>

Historically, valuations on land and buildings were performed every four years. The next general valuation will be implemented on 1 July 2017 after which the valuations will be performed every 5 years. The last valuation came into effect on 1 July 2013.

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 23 PROPERTY RATES (CONTINUED)

	2016 R	2015 R
The following rates are applicable to the valuations above:		
Residential Developed	0.006001 c / R	-
Residential Vacant	0.006001 c / R	-
Business and Commercial	0.006262 c / R	-
Industrial	0.006262 c / R	-
Public Benefit Organisations	0.005739 c / R	-
State Owned	0.006262 c / R	-
Agricultural - Bona fide	0.001501 c / R	-
Agricultural - Residential	0.006001 c / R	-
Agricultural - Business and Commercial	0.006262 c / R	-
Agricultural - Other	0.006001 c / R	-
Other	0.006001 c / R	-
Single Tariff (Excluding Agricultural)	-	0.005218 c / R
Agricultural Land	-	0.001305 c / R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 31 October. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

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

### 24 GOVERNMENT GRANTS AND SUBSIDIES

<b>Unconditional Grants - National Government</b>	<b>20 679 000</b>	<b>19 386 000</b>
Equitable Share	20 679 000	19 386 000
<b>Conditional Grants - National Government</b>	<b>16 532 770</b>	<b>16 657 343</b>
Financial Management Grant (FMG)	1 450 000	1 450 000
Municipal Systems Improvement Grant (MSIG)	930 000	934 000
Municipal Infrastructure Grant (MIG)	10 787 000	10 532 000
Skills Development Fund	365 770	621 343
National Electrification Programme (INEP)	2 000 000	2 000 000
Expanded Public Works Program (EPWP)	1 000 000	1 120 000
<b>Conditional Grants - Provincial Government</b>	<b>12 441 167</b>	<b>32 046 949</b>
Library Grant	4 270 000	5 094 466
Proclaimed Road Subsidy	56 562	56 869
Housing Grants	6 668 615	25 235 433
Other Provincial Allocations	1 445 989	1 660 181
<b>Total</b>	<b>49 652 937</b>	<b>68 090 292</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2016 R	2015 R
Disclosed as:		
Government Grants and Subsidies - Capital	13 196 731	17 856 030
Government Grants and Subsidies - Operating	36 456 206	50 234 263
<b>Total</b>	<b>49 652 937</b>	<b>68 090 292</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	20 679 000	19 386 000
Executive and Council	456 950	915 263
Budget and Treasury Office	2 632 000	1 450 000
Corporate Services	427 770	1 970 145
Community and Social Services	11 795 955	29 999 164
Sport and Recreation	-	383 658
Road Transport	-	56 869
Electricity	2 000 000	2 067 756
Water	-	7 943
Waste Water Management	-	708 900
Waste Management	-	122 370
Other	-	11 022 224
Infrastructure	11 661 262	-
<b>Total</b>	<b>49 652 937</b>	<b>68 090 292</b>

The movements per grant can be summarised as follows:

#### 24.01 Equitable Share

Grants Received	20 679 000	19 386 000
Transferred to Revenue - Operating	(20 679 000)	(19 386 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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.

#### 24.02 Financial Management Grant (FMG)

Grants Received	1 450 000	1 450 000
Transferred to Revenue - Capital	(211 586)	(339 258)
Transferred to Revenue - Operating	(1 238 414)	(1 110 742)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

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

2016  
R

2015  
R

#### 24.03 Municipal Systems Improvement Grant (MSIG)

Grants Received	930 000	934 000
Transferred to Revenue - Capital	(780 000)	(254 196)
Transferred to Revenue - Operating	(150 000)	(679 805)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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

#### 24.04 Municipal Infrastructure Grant (MIG)

Grants Received	10 787 000	10 532 000
Transferred to Revenue - Capital	(9 491 211)	(10 021 450)
Transferred to Revenue - Operating	(1 295 789)	(510 550)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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

#### 24.05 Skills Development Fund

Grants Received	496 530	621 343
Transferred to Revenue - Operating	(365 770)	(621 343)
<b>Closing Unspent Balance</b>	<b>130 760</b>	<b>-</b>

The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training and unemployed bursary beneficiaries.

#### 24.06 National Electrification Programme (INEP)

Grants Received	2 000 000	2 000 000
Transferred to Revenue - Capital	(1 991 998)	(1 999 966)
Transferred to Revenue - Operating	(8 002)	(34)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

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

#### 24.07 Expanded Public Works Program (EPWP)

	2016 R	2015 R
Grants Received	1 000 000	1 120 000
Transferred to Revenue - Operating	(1 000 000)	(1 120 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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

#### 24.08 Library Grant

Opening Unspent Balance	-	721 466
Grants Received	4 270 000	4 373 000
Transferred to Revenue - Capital	(10 319)	(1 066 887)
Transferred to Revenue - Operating	(4 259 681)	(4 027 579)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

The library grants is utilised to fund the cost of providing library services within the municipal area.

#### 24.09 Proclaimed Road Subsidy

Grants Received	56 562	56 869
Transferred to Revenue - Operating	(56 562)	(56 869)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

The subsidy is utilised to upgrade and maintain the provincial road network in the municipal area.

#### 24.10 Housing Grants

Opening Unspent Balance	-	4 660 176
Grants Received	6 668 615	20 575 256
Transferred to Revenue - Capital	-	(4 110 588)
Transferred to Revenue - Operating	(6 668 615)	(21 124 845)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<p>The housing allocation is a conditional grant to support the creation of sustainable human settlements that enables and improved quality of household life, provision of basic infrastructure, top structures and basic social and economic amenities.</p>		
<b>24.11 Other Provincial Allocations</b>		
Opening Unspent Balance	172 039	147 756
Grants Received	1 421 940	1 684 464
Transferred to Revenue - Capital	(711 616)	(63 686)
Transferred to Revenue - Operating	(734 374)	(1 596 495)
<b>Closing Unspent Balance</b>	<b>147 990</b>	<b>172 039</b>
<p>Other Provincial Allocations includes grants such as:</p> <ul style="list-style-type: none"> <li>- Community Development Workers (CDW)</li> <li>- Provincial Finance Management Support Grant</li> <li>- Provincial Municipal Infrastructure Support Grant</li> <li>- Thusong Centre Grant</li> <li>- Other Provincial Contributions</li> </ul>		
<b>24.12 Total Grants</b>		
Opening Unspent Balance	172 039	5 529 399
Grants Received	49 759 647	62 732 933
Transferred to Revenue - Capital	(13 196 731)	(17 856 030)
Transferred to Revenue - Operating	(36 456 206)	(50 234 263)
<b>Closing Unspent Balance</b>	<b>278 750</b>	<b>172 039</b>
<b>25 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Mayoral Golf Day	35 220	-
OK Napier	493 825	-
Betonmeesters	163 146	-
Marine Drive Cables	76 812	-
Bredasdorp Steenwerke	81 830	-
Haasbekkie Creshe	1 000	-
<b>Total</b>	<b>851 832</b>	<b>-</b>
Disclosed as:		
Public Contributions and Donations - Capital	733 132	-
Public Contributions and Donations - Operating	118 700	-
<b>Total</b>	<b>851 832</b>	<b>-</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

25	<b>PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)</b>	2016 R	2015 R
	The movements per public contribution can be summarised as follows:		
<b>25.01</b>	<b>Mayoral Golf Day</b>		
	Opening Unspent Balance	46 357	-
	Public Contributions during the year	48 533	46 357
	Transferred to Revenue - Operating	(35 220)	-
	<b>Closing Unspent Balance</b>	<b>59 670</b>	<b>46 357</b>
	The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp on 6 March 2015 and 5 March 2016. The funds raised at the event will be utilised to support both Pre-School education in the municipal area and tertiary bursaries to scholars.		
<b>25.02</b>	<b>OK Napier</b>		
	Public Contributions during the year	493 825	-
	Transferred to Revenue - Capital	(493 825)	-
	<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
	Contribution for the replacement of Transformer (From 315 to 500) in order to accommodate the electricity demand request of 250KVA from OK Napier.		
<b>25.03</b>	<b>Betonmeesters</b>		
	Public Contributions during the year	163 146	-
	Transferred to Revenue - Operating	(650)	-
	Transferred to Revenue - Capital	(162 495)	-
	<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
	Contribution towards the connection of stand 4719 to the Cape Agulhas Municipality's electricity network. Cost for additional cable required.		

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>25 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)</b>		
<b>25.04 Marine Drive Cables</b>		
Public Contributions during the year	134 170	-
Transferred to Revenue - Capital	(76 812)	-
<b>Closing Unspent Balance</b>	<b>57 358</b>	<b>-</b>
Contribution for the replacement of overhead lines with underground cable in Marine Drive (Andre Mouton - Stand 1251 & H Myburgh Stand 1021).		
<b>25.05 Bredasdorp Steenwerke</b>		
Public Contributions during the year	81 830	-
Transferred to Revenue - Operating	(81 830)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Social Contribution towards the Anene Booysen Skills Centre for additional capital work identified in consultation with the Department of Public Works & Transportation who was responsible for the management of the project.		
<b>25.06 Haasbekkie Creshe</b>		
Public Contributions during the year	1 000	-
Transferred to Revenue - Operating	(1 000)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Private contribution for the painting and maintenance of the Haasbekkie Creshe.		
<b>25.07 Total</b>		
Opening Unspent Balance	46 357	-
Public Contributions during the year	922 503	46 357
Transferred to Revenue - Capital	(733 132)	-
Transferred to Revenue - Operating	(118 700)	-
<b>Closing Unspent Balance</b>	<b>117 028</b>	<b>46 357</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>26 FINES</b>		
Traffic Fines	7 270 697	3 018 400
Library Fines	32 875	30 145
Building Control	4 177	-
<b>Total</b>	<b>7 307 749</b>	<b>3 048 545</b>

In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.

<b>27 SERVICE CHARGES</b>		
Electricity Revenue	85 550 702	74 633 381
Water Revenue	21 936 561	20 379 659
Refuse Removal Revenue	15 332 476	12 915 358
Sewerage and Sanitation Revenue	10 313 063	8 935 105
<b>Total Revenue</b>	<b>133 132 802</b>	<b>116 863 504</b>
Less: Rebates	(7 864 651)	(7 427 949)
Water Revenue	(2 512 824)	(1 375 232)
Refuse Removal Revenue	(3 190 921)	(3 625 697)
Sewerage and Sanitation Revenue	(2 160 906)	(2 427 020)
<b>Total</b>	<b>125 268 151</b>	<b>109 435 555</b>

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

<b>28 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Halls and Offices	255 408	232 375
Properties	861 981	739 540
Resorts	5 246 524	4 992 068
Sports Grounds	11 181	17 053
Other	15 917	-
<b>Total</b>	<b>6 391 011</b>	<b>5 981 036</b>

<b>29 INTEREST EARNED - OUTSTANDING DEBTORS</b>		
Interest Earned - Service Debtors	749 011	629 313
Interest Earned - Penalty Interest on Property Rates	419 642	366 596
<b>Total</b>	<b>1 168 653</b>	<b>995 909</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>30 OTHER INCOME</b>		
Connections - Electricity	590 834	646 249
Connections - Water	408 869	298 820
Connections - Sewer	128 482	28 421
Building Plan Fees	726 026	654 643
Garden Refuse Removal	19 843	313 051
Sundry Income	1 635 420	1 093 130
<b>Total</b>	<b>3 509 474</b>	<b>3 034 313</b>

Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, , burial fees, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.

<b>31 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	66 087 631	56 655 811
Pension and UIF Contributions	10 573 241	8 455 915
Medical Aid Contributions	3 316 960	2 739 027
Overtime	3 280 806	3 093 141
Motor Vehicle Allowance	5 147 335	4 509 144
Cellphone Allowance	349 795	208 310
Housing Allowances	1 084 248	428 242
Other benefits and allowances	4 263 282	2 615 626
Payments in lieu of leave	1 415 177	923 671
Long service awards	460 270	376 150
Post Retirement Medical Benefits	2 073 591	1 681 639
<b>Total</b>	<b>98 052 336</b>	<b>81 686 677</b>

The total employee related cost includes temporary workers funded from the Expanded Public Works Programme Grant, Financial Management Grant, Municipal Infrastructure Grant and internal funded job creation programmes over the festive season.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 31 EMPLOYEE RELATED COSTS (CONTINUED)

#### Remuneration of Key Personnel

All Managers are appointed on a 5-year contract, except for the current Chief Financial Officer (Mr PJ van Biljon) who is appointed on a 3 and a half year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:

#### Remuneration of the Municipal Manager - D O'Neill

	2016 R	2015 R
Basic Salary	1 079 718	1 016 869
Pension and UIF Contributions	193 610	170 741
Medical Aid Contributions	45 046	43 416
Performance Bonus	179 407	132 000
Motor Vehicle Allowance	113 100	116 986
Cellphone Allowance	4 122	-
Other benefits and allowances	25 199	32 253
<b>Total</b>	<b>1 640 202</b>	<b>1 512 266</b>

#### Remuneration of the Community Services Manager - KM Mrali

Basic Salary	757 625	686 193
Pension and UIF Contributions	146 652	125 299
Medical Aid Contributions	44 441	40 493
Performance Bonus	95 570	91 366
Motor Vehicle Allowance	46 170	70 767
Cellphone Allowance	1 782	-
Other benefits and allowances	24 737	28 738
<b>Total</b>	<b>1 116 976</b>	<b>1 042 857</b>

#### Remuneration of the Corporate Services Manager - S Ngwevu

Basic Salary	757 625	675 814
Pension and UIF Contributions	146 992	123 431
Medical Aid Contributions	45 946	43 416
Performance Bonus	97 570	91 366
Motor Vehicle Allowance	73 504	98 969
Cellphone Allowance	14 277	-
Other benefits and allowances	27 632	30 324
<b>Total</b>	<b>1 163 546</b>	<b>1 063 320</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

		2016 R	2015 R
<b>31</b>	<b>EMPLOYEE RELATED COSTS (CONTINUED)</b>		
	<b>Remuneration of the Civil Engineering Services Manager - N Kotze</b>		
	Basic Salary	734 513	682 995
	Pension and UIF Contributions	142 593	124 724
	Medical Aid Contributions	45 046	43 416
	Performance Bonus	124 150	91 366
	Motor Vehicle Allowance	85 244	81 621
	Cellphone Allowance	4 140	-
	Other benefits and allowances	20 646	21 687
	<b>Total</b>	<b>1 156 334</b>	<b>1 045 809</b>
	<b>Remuneration of the Chief Financial Officer - PJ Van Biljon</b>		
	Basic Salary	837 604	776 155
	Pension and UIF Contributions	160 691	141 493
	Medical Aid Contributions	37 921	24 916
	Performance Bonus	145 021	106 700
	Motor Vehicle Allowance	139 851	135 252
	Cellphone Allowance	19 548	-
	Other benefits and allowances	5 926	12 045
	<b>Total</b>	<b>1 346 563</b>	<b>1 196 560</b>
<b>32</b>	<b>REMUNERATION OF COUNCILLORS</b>		
	Executive Mayor R G Mitchell	732 325	693 885
	Executive Deputy Mayor D Jantjies	592 635	559 288
	Speaker E C Marthinus	590 327	559 288
	Councillor - Full time M R Mokotwana	554 871	525 678
	Councillor - Part time P N Atyhosi	236 369	222 773
	Councillor - Part time J G A Niewoudt	238 469	222 773
	Councillor - Part time G D Burger	236 369	222 773
	Councillor - Part time J A Coetzee	37 116	222 773
	Councillor - Part time W J October	55 674	222 773
	Councillor - Part time Z Tonisi	197 699	-
	Councillor - Part time E Sauls	153 106	-
	<b>Total</b>	<b>3 624 961</b>	<b>3 452 005</b>

### In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.

Councillor JA Coetzee and WJ October resigned respectively on 31 August 2015 and 30 September 2015.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>33 DEBT IMPAIRMENT</b>		
Receivables from exchange transactions	3 697 267	3 345 372
Receivables from non-exchange transactions	4 730 488	2 552 203
<b>Total Debt Impairment</b>	<b>8 427 756</b>	<b>5 897 574</b>
Movement in VAT included in debt impairment	(205 862)	102 853
<b>Total</b>	<b>8 221 894</b>	<b>6 000 428</b>
<b>34 DEPRECIATION AND AMORTISATION</b>		
Investment Property	8 530	8 530
Property, Plant and Equipment	9 167 144	8 763 732
Intangible Assets	292 685	158 098
Capitalised Restoration Cost (PPE)	1 202 362	389 761
<b>Total</b>	<b>10 670 721</b>	<b>9 320 120</b>
<b>35 IMPAIRMENTS</b>		
Investment in Municipal Entity - Southernmost Development Agency (Soc) Ltd	-	45 113
Capitalised Restoration Cost (PPE)	-	762 523
<b>Total</b>	<b>-</b>	<b>807 636</b>
<b>36 REPAIRS AND MAINTENANCE</b>		
Furniture, Office Equipment and Tools	679 685	1 128 128
Buildings and Commonage	1 434 486	1 545 005
Computer Software	2 064 831	2 289 806
Vehicles	2 049 332	2 060 099
Infrastructure: Roads and Stormwater	1 185 996	1 591 562
Infrastructure: Electricity	826 103	864 644
Infrastructure: Sewerage	409 925	487 317
Infrastructure: Water	2 007 689	2 291 875
Infrastructure: Refuse	810 017	609 586
<b>Total</b>	<b>11 468 063</b>	<b>12 868 021</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>37 ACTUARIAL LOSSES</b>		
Post Retirement Medical Benefits	1 395 574	1 569 027
Long Service Awards	825 800	350 956
<b>Total</b>	<b>2 221 374</b>	<b>1 919 983</b>
<b>38 FINANCE CHARGES</b>		
<b>Finance Charges - Cash</b>	<b>140 796</b>	<b>99 273</b>
Annuity Loans	53 412	78 255
Finance Lease Liabilities	87 384	21 018
<b>Finance Charges - Non-Cash</b>	<b>7 494 776</b>	<b>4 631 636</b>
Rehabilitation Provision - Landfill Sites	3 665 191	1 259 231
Post Retirement Medical Benefits	3 376 361	2 970 825
Long Service Awards	453 224	401 580
<b>Total</b>	<b>7 635 572</b>	<b>4 730 909</b>
<b>39 BULK PURCHASES</b>		
Electricity	66 473 701	57 191 642
Water	174 586	255 313
<b>Total</b>	<b>66 648 287</b>	<b>57 446 954</b>
<b>40 CONTRACTED SERVICES</b>		
Audit Committee	55 250	63 365
Debt Collection Services	39 021	-
Legal fees	779 069	1 702 422
Professional Services	2 499 690	4 101 339
Property Valuation	316 685	269 149
Refuse Removal	1 299 260	1 065 336
Security Services	730 689	615 045
Traffic Fine Management	470 402	72 352
<b>Total</b>	<b>6 190 067</b>	<b>7 889 007</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>41 TRANSFERS AND GRANTS</b>		
Contribution - Elim Community	300 000	266 543
Contribution - Kassiebaai Community	120 000	110 000
Contribution - Shipwreck Museum	50 000	47 500
Contribution - Tourism Buro	820 000	750 000
Contribution - Overberg Radio	75 000	75 000
Public Funded Grants	118 043	-
Subsidy - Low Cost Housing	8 308	17 437
<b>Total</b>	<b>1 491 350</b>	<b>1 266 480</b>
<b>42 OTHER EXPENDITURE</b>		
Advertising	327 656	250 933
Audit fees	3 026 233	2 406 324
Bank Charges	758 462	738 532
Bursaries	165 546	243 802
Chemicals	1 555 687	1 204 138
Cleaning material	232 667	164 556
Cleaning projects	44 239	168 974
Cleaning services & washing	105 990	100 259
Commission Paid	1 222 177	1 081 401
Conferences & Seminars	60 012	38 693
Contributions - Pensioners	124 991	65 277
Donations	108 000	98 000
Entertainment costs	233 429	176 831
Free Basic Electricity	212 605	241 756
Fuel Cost	2 675 305	2 975 000
Housing Subsidy	6 668 615	21 066 085
Human Development	-	91 148
Insurance	532 620	544 093
License fees	5 642	3 935
License fees - Vehicles	125 739	119 681
Life Guards (Beaches)	164 736	108 120
Local Economic Development	22 593	27 319
Marketing	386 753	362 652
Oil & Lubricants	51 731	45 527
Postage	751 124	545 261

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>42 OTHER EXPENDITURE (CONTINUED)</b>		
Printing & Stationery	687 978	953 794
Protective Clothing	430 916	339 995
Public Communication	179 921	181 803
Recruiting Costs	5 800	136 307
Refuse Bags	440 165	466 281
Rental Paid	888 099	1 477 608
Service Charges	817 929	692 951
Service Connections - New	290 567	264 347
Shared Services - Risk Management	128 547	-
Social Assistance	48 500	280
Socio-Economic Development	196 404	228 706
Structure - & Zoning planning	542 885	203 388
Subscriptions - Organisations	887 115	777 891
Subsistence & Travel Allowances	781 319	616 721
Telephone Costs	1 331 569	1 398 676
Training & Development - Staff	1 141 163	1 391 977
Training Levy	765 410	634 467
Transfer costs	-	14 578
Union Representative	15 556	18 193
Ward Committees	518 524	572 991
Workmens Compensation Contributions	475 746	862 868
Other	1 135 152	1 310 322
<b>Total</b>	<b>31 271 817</b>	<b>45 412 436</b>
<b>43 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
<b>43.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Balance previously reported</b>		<b>18 180 830</b>
Payments in advance (Finance Leases) incorrectly expensed during 2014/2015 - Refer to note 43.14		28 660
Unbilled consumption incorrectly calculated on KVA users - Refer to note 43.14		(860 327)
Restatement of debt impairment on 30 June 2015 where more accurate data became available and less assumptions needs to be employed - Refer to note 43.14		(725 344)
Effect on Electricity		373 429
Effect on Water		(547 440)
Effect on Refuse		(32 055)
Effect on Sewerage		(79 670)
Effect on Other Services		(439 609)

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

43

	2015 R
<b>PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	
Low Cost Housing Subsidy Incorrectly recognised as a receivable	(24 725)
Effect on Accumulated Surplus up to 30 June 2014 - Refer to note 43.13	(7 288)
Effect on Statement of Financial Performance during 2014/15 - Refer to note 43.14	(17 437)
<b>Restated Balance on 30 June 2015</b>	<b>16 599 095</b>
<b>43.02 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>	
<b>Balance previously reported</b>	<b>2 887 686</b>
Restatement of debt impairment (rates) on 30 June 2015 where more accurate data became available and less assumptions needs to be employed - Refer to note 43.14	126 519
<b>Restated Balance on 30 June 2015</b>	<b>3 014 205</b>
<b>43.03 OPERATING LEASE ASSETS</b>	
<b>Balance previously reported</b>	<b>66 872</b>
Rental expense (Rothman Building) incorrectly included under operating lease assets	(4 536)
Effect on Accumulated Surplus up to 30 June 2014 - Refer to note 43.13	(1 119)
Effect on Statement of Financial Performance during 2014/15 - Refer to note 43.14	(3 417)
<b>Restated Balance on 30 June 2015</b>	<b>62 336</b>
<b>43.04 OPERATING LEASE LIABILITIES</b>	
<b>Balance previously reported</b>	<b>11 531</b>
Rental expense (Rothman Building) incorrectly included under operating lease assets	4 536
Effect on Accumulated Surplus up to 30 June 2014 - Refer to note 43.13	1 501
Effect on Statement of Financial Performance during 2014/15 - Refer to note 43.14	3 035
<b>Restated Balance on 30 June 2015</b>	<b>16 067</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

		2015 R
<b>43</b>	<b>PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	
	<b>43.05 CURRENT PORTION OF LONG-TERM RECEIVABLES</b>	
	Balance previously reported	4 439
	Current portion of Individual Housing Loans not disclosed in prior years - Refer to note 43.07	24 311
	<b>Restated Balance on 30 June 2015</b>	<u><u>28 751</u></u>
	<b>43.06 INVENTORY</b>	
	Balance previously reported	1 485 089
	Correction of orders incorrectly not cancelled on 30 June 2015 - Refer to note 43.10	(35 956)
	<b>Restated Balance on 30 June 2015</b>	<u><u>1 449 133</u></u>
	<b>43.07 LONG-TERM RECEIVABLES</b>	
	Balance previously reported	278 561
	Current portion of Individual Housing Loans not disclosed in prior years - Refer to note 43.05	(24 311)
	<b>Restated Balance on 30 June 2015</b>	<u><u>254 249</u></u>
	<b>43.08 PROPERTY PLANT AND EQUIPMENT</b>	
	Balance previously reported	301 674 200
	Portion of Thuson Centre addition (2013) incorrectly not depreciated during 2014/15 - Refer to note 43.14	(18 959)
	Portion of Network addition (2012) incorrectly not depreciated since purchase date.	(60 000)
	Effect on Other Assets (Accumulated Depreciation) - Refer to note 43.13	(40 000)
	Effect on Other Assets (Depreciation) - Refer to note 43.14	(20 000)
	Other assets not recognised in Asset Register up to 30 June 2014	9 162
	Effect on Other Assets (Cost Opening Balance) - Refer to note 43.13	17 347
	Effect on Other Assets (Accumulated Depreciation) - Refer to note 43.13	(6 913)
	Effect on Other Assets (Depreciation) - Refer to note 43.14	(1 271)

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

43

### PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

2015  
R

Correction of the classification of Community, Civic Land and Buildings and Land and Buildings

Effect on Land and Buildings (Cost Opening Balance)	4 831 365
Effect on Community Assets (Cost Opening Balance)	315 440
Effect on Other Assets (Cost Opening Balance)	(5 146 805)
Effect on Land and Buildings (Cost Additions)	65 968
Effect on Community Assets (Cost Additions)	(65 968)
Effect on Land and Buildings (Accumulated Depreciation)	(452 384)
Effect on Community Assets (Accumulated Depreciation)	(7 918)
Effect on Other Assets (Accumulated Depreciation)	460 302
Effect on Land and Buildings (Depreciation)	(89 472)
Effect on Community Assets (Depreciation)	(3 154)
Effect on Other Assets (Depreciation)	92 626

**Restated Balance on 30 June 2015**

**301 655 241**

#### 43.09 CURRENT PORTION OF LONG-TERM LIABILITIES

**Balance previously reported**

**349 993**

Correction of short term portion on Finance Leases at 30 June 2015 - Refer to note 43.12

166 993

**Restated Balance on 30 June 2015**

**516 986**

#### 43.10 PAYABLES FROM EXCHANGE TRANSACTIONS

**Balance previously reported**

**10 482 360**

Payable relating to water purchases, valuation costs and housing top structures incorrectly not raised on 30 June 2014 - Refer to note 43.13

1 434 815

Correction of orders incorrectly not cancelled on 30 June 2015

(15 047)

Effect on Statement of Financial Performance during 2014/15 - Refer to note 43.14

45 279

Effect on Taxes - Refer to note 43.11

(24 371)

Effect on Inventory - Refer to note 43.06

(35 956)

**Restated Balance on 30 June 2015**

**11 902 127**

#### 43.11 TAXES

**Balance previously reported**

**626 271**

Correction of orders incorrectly not cancelled on 30 June 2015 - Refer to note 43.10

24 371

Restatement of debt impairment on 30 June 2015 where more accurate data became available - Refer to note 43.14

15 035

**Restated Balance on 30 June 2015**

**665 677**

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

43

	2015 R
<b>PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	
<b>43.12 LONG-TERM LIABILITIES</b>	
<b>Balance previously reported</b>	<b>1 011 854</b>
Correction of short term portion on Finance Leases at 30 June 2015 - Refer to note 43.09	(166 993)
<b>Restated Balance on 30 June 2015</b>	<b>844 860</b>
<b>43.13 ACCUMULATED SURPLUS</b>	
<b>Balance previously reported</b>	<b>291 737 919</b>
Corrections relating to 2014/2015 - Refer to note 43.14	(1 554 924)
<u>Corrections on 1 July 2014</u>	
Rental expense (Rothman Building) incorrectly included under operating lease assets	(2 620)
Effect on Operating Lease Assets - Refer to note 43.03	(1 119)
Effect on Operating Lease Liabilities - Refer to note 43.04	(1 501)
Payable relating to water purchases and valuation costs incorrectly not raised on 30 June 2014 - Refer to note 43.10	(1 434 815)
Other assets not recognised in Asset Register up to 30 June 2014 - Refer to note 43.08	10 434
Portion of Network addition (2012) incorrectly not depreciated since purchase date - Refer to note 43.08	(40 000)
Low Cost Housing Subsidy Incorrectly recognised as a receivable - Refer to note 43.01	(7 288)
<b>Restated Balance on 30 June 2015</b>	<b>288 708 706</b>
<b>43.14 STATEMENT OF FINANCIAL PERFORMANCE</b>	
<b>Balance previously reported</b>	<b>6 163 356</b>
Payments in advance (Finance Leases) incorrectly expensed during 2014/2015 - Refer to note 43.01	28 660
Unbilled consumption incorrectly calculated on KVA users - Refer to note 43.01	(860 327)
Restatement of debt impairment on 30 June 2015 where more accurate data became available and less assumptions needs to be employed	(613 860)
Effect on Receivables from Exchange - Refer to note 43.01	(725 344)
Effect on Receivables from Non-Exchange - Refer to note 43.02	126 519
Effect on Taxes - Refer to note 43.11	(15 035)



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

43

### PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

Employee Related Costs (Job Creation and Cleaning Projects) incorrectly included as part of Other Expenditure

Effect on Employee Related Cost  
Effect on Other Expenditure

2015  
R

-

(2 038 514)  
2 038 514

Low Cost Housing Subsidy Incorrectly recognised as a receivable - Refer to note 43.01

(17 437)

Rental expense (Rothman Building) incorrectly included under operating lease assets

(6 451)

Effect on Operating Lease Assets (Rental Income) - Refer to note 43.03

(3 417)

Effect on Operating Lease Liabilities (Rental Expense) - Refer to note 43.04

(3 035)

Correction of orders incorrectly not cancelled on 30 June 2015 - Refer to note 43.10

(45 279)

Effect on Repairs and Maintenance  
Effect on Other Expenditure

(93 089)  
47 810

Portion of Thuson Centre addition (2013) incorrectly not depreciated during 2014/15 - Refer to note 43.08

(18 959)

Other assets not recognised in Asset Register up to 30 June 2014 - Refer to note 43.08

(1 271)

Portion of Network addition (2012) incorrectly not depreciated since purchase date - Refer to note 43.08

(20 000)

**Restated Balance on 30 June 2015**

**4 608 432**

44

### PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION IN TERMS OF GRAP 1

#### 44.01 STATEMENT OF FINANCIAL PERFORMANCE

The following items were reclassified on the face of the statement of financial performance to ensure improved reporting to the users of the financial statements. These adjustments does not constitute a prior year error in terms of GRAP 3.

Effect on Other Expenditure	9 161 267
Effect on Contracted Services	(6 426 361)
Effect on Transfers and Grants	(1 249 043)
Effect on Repairs and Maintenance	(1 533 363)
Effect on Service Charges (Revenue Foregone)	47 500
<b>Net Effect on Surplus for the Year</b>	<b>-</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

45	NET CASH FROM OPERATING ACTIVITIES	2016 R	2015 R
	<b>Net Surplus for the year</b>	4 507 648	4 608 433
	Adjusted for:		
	Non-Cash Revenue	(3 714 126)	-
	Reversal of Impairments	(3 535)	-
	Gain on Disposal of PPE	(3 631 584)	-
	Decrease in Landfill Site Provision	(13 116)	-
	Contributed Assets	(65 890)	-
	Non-Cash Expenditure	28 957 747	23 214 315
	Debt Impairment	8 221 894	6 000 428
	Depreciation and Amortisation	10 670 721	9 320 120
	Impairments	-	807 636
	Actuarial losses	2 221 374	1 919 983
	Finance Charges	7 494 776	4 631 636
	Loss on disposal of PPE	348 983	534 512
	Contributions - Provisions and Employee Benefits	8 944 798	6 826 444
	Post Retirement Medical Benefits	2 073 591	1 681 639
	Long Service Awards	460 270	376 150
	Performance Bonuses	784 941	555 126
	Bonuses	4 210 819	3 289 858
	Staff Leave	1 415 177	923 671
	Expenditure - Provisions and Employee Benefits	(5 879 341)	(5 069 278)
	Post Retirement Medical Benefits	(748 314)	(711 620)
	Long Service Awards	(562 989)	(322 575)
	Performance Bonuses	(643 748)	(543 254)
	Bonuses	(3 637 229)	(3 002 913)
	Staff Leave	(287 062)	(344 869)
	Pension	-	(144 048)
	Other adjustments	(1 660 334)	(4 622 713)
	Bad Debts Written Off	(1 669 480)	(4 643 276)
	Movement on Operating Lease Asset	(1 197)	5 997
	Movement on Operating Lease Liability	10 343	14 566
	Operating Surplus before changes in working capital	31 156 392	24 957 200
	Movement in working capital	(21 234 064)	(5 023 859)
	Receivables (Exchange and Non-Exchange)	(16 012 904)	(2 950 999)
	Inventory	(29 231)	(756 966)
	Payables from exchange transactions	(6 034 047)	3 253 219
	Unspent Conditional Government Grants	106 711	(5 357 359)
	Unspent Public Contributions	70 671	46 357
	Taxes	664 736	741 889
	<b>Cash Flow from Operating Activities</b>	<b>9 922 329</b>	<b>19 933 341</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016	2015
	R	R
<b>46 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	14 369 648	2 819 992
Call and Notice Deposits	-	16 000 000
Cash Floats	14 150	14 100
<b>Total</b>	<b>14 383 798</b>	<b>18 834 092</b>

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

## 47 BUDGET COMPARISONS

### 47.1 COMPARABLE BASIS

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 consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item 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 is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Insurance Receipts.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 47 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

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 is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Repairs and Maintenance and Actuarial Losses.

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

### 47.2 MATERIAL VARIANCES

#### Statement of financial position - Budget Adjustments

Cash	Align budget to prior year actual results and incorporate the anticipated revenue and expenditure trends in the full year projection for Cash.
Consumer Debtors	Incorporate the most recent actual assumptions in the full year forecast (ie Recovery Rates) for Consumer Debtors as well as revised revenue trends.
Other Receivables	Adjustment required to account for increase in levels of fines issued in the current year.
Inventory	Align budget to the prior year actual results
Property, Plant And Equipment	Align budget to the prior year actual results and incorporate adjustments to proposed capital budget and depreciation charges.
Intangible Assets	Align budget to the prior year actual results
Capitalised Restoration Cost	Account for significant increase experienced in the cost of rehabilitation during 2015 previously not budgeted for.
Borrowing (Current and Non-Current)	Account for proposed capital program to be financed from Annuity Loans and Finance Leases.
Trade and Other Payables	Adjust payables in line with revised expenditure program and latest assumptions relating to payment days.
Provisions and Employee Benefits (Current and Non-Current)	Account for significant increase experienced in the cost of rehabilitation during 2015 previously not budgeted for. Also account for revised expenditure forecast received from the Actuaries relating to Employee Benefits (Long Service and Post Employment Health Benefits)
Accumulated Surplus	Account for revised revenue and expenditure trends as well as proposed contributions to the Capital Replacement Reserve.
Reserves	Account for the adequate level of Capital Replacement Reserve based on anticipated Cash levels on 30 June 2016.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 47 BUDGET COMPARISONS (CONTINUED)

#### Statement of financial position - Budget versus Actual

Cash	Deviation the result of lower than anticipated expenditure levels due to cost saving measures employed by the municipality.
Consumer Debtors	Deviation the result of significant property sales not budgeted for.
Other Receivables	Full year actuals for fines lower than anticipated projection during compilation of budget.
Property, Plant And Equipment	Slight underspending of Capital Budget contribution to the deviation experienced.
Capitalised Restoration Cost	Actual discount rate relating to the landfill site provision (linked to this asset) lower than assumptions applied to unwind the provision in the current year.
Trade and Other Payables	A significant portion of June 2016 payables paid before year-end.
Provisions and Employee Benefits (Current and Non-Current)	Refer to Capitalised Restoration Cost. Assumptions relating to the unwinding of the landfill site provision higher than the actual results for the year under review.
Accumulated Surplus	Cost Saving Measures resulted in higher than anticipated net surplus for the current year. The results for the year were partially offset by the higher than expected cash results contributing to a higher transfer to the Capital Replacement Reserve.
Reserves	Higher than anticipated Cash levels contribution to a higher level of Reserves that can be maintained.

#### Statement of financial performance - Budget Adjustments

Service Charges (All)	Budget adjustments to account for revised revenue projections based on mid-year actuals and prior year results.
Fines	Full year projection based on December 2015 actuals to date incorporated into full year projection.
Licences and Permits	Budget adjustments to account for revised revenue projections based on mid-year actuals and prior year results.
Transfers Recognised - Operational	Additional Housing allocations previously not budgeted for.
Other Income	Budget adjustments to account for revised revenue projections based on mid-year actuals and prior year results.
Employee Related Costs	Budget adjustment mainly relates to overtime previously not fully budgeted for and finance charges on Employee Benefits allocated to the correct line item.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 47 BUDGET COMPARISONS (CONTINUED)

Debt Impairment	Adjustment mainly relates to an increase in debt impairment on fines as a result of the increase in activity from a revenue generating point of view.
Depreciation & Asset Impairment	Align current year budget to prior year actuals and anticipated capital program employed in current year.
Finance Charges	Reallocation of finance charges on Employee Benefits previously incorrectly allocated to Employee Related Costs. Increase in finance charges relating to the landfill site provision due to the significant increase in rehabilitation costs experienced during 2014/2015.
Bulk Purchases	Alignment of Bulk Purchases based on mid-year actual results and revised consumption anticipated for the full financial year.
Contracted Services	Adjustment to account for cost saving measures employed in current and prior years.
General Expenses	Adjustments proposed to account for additional Housing allocation received as well as anticipated Actuarial Loss realised in the current year.
Contributions Recognised - Capital	Account for numerous unforeseen public contributions received in the current year.

### Statement of financial performance - Budget versus Actual

Service Charges - Electricity Revenue	Deviation due to decline in electricity usage aligned with saving on bulk purchases.
Service Charges - Water Revenue	Deviation due to the increase in water usage in excess of revenue projections.
Service Charges - Sanitation Revenue	New Sewer connections not fully incorporated in budget projections.
Service Charges - Refuse Revenue	Increase in number of refuse collections not fully budgeted for.
Rental of Facilities and equipment	Budgeted amount based on prior year actual results as basis.
Interest Earned - Outstanding Debtors	Increase in debtors balances due to a slight decrease in payment percentage not accounted for in budget.
Fines	Budget based on half year performance up to 31 December 2015. Actual results lower than expectation.
Licences and Permits and Agency Services	Budget based on actual results in previous years.
Transfers Recognised - Operational	Increase in LGSETA Grant not budgeted for
Other Revenue	Due to the sundry nature of this line item, the actual results of the prior year is used as basis for current year budget.
Gains on Disposal of PPE	Properties sold not provided for in budget.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 47 BUDGET COMPARISONS (CONTINUED)

Employee Related Costs	Deviation mainly the result of the adjustment of expenditure in line with nature (GRAP 1)
Debt Impairment	Deviation mainly the result of a slight decrease in the payment percentage of receivables.
Depreciation & Asset Impairment	Deviation the result of more than anticipated WIP projects on 30 June 2016.
Bulk Purchases	Deviation in line with the lower than anticipated revenue collected under Service Charges.
Contracted Services	Deviation due to contracted services not materialised i.r.o HR and Roads & Stormwater.
Other Expenditure	Deviation mainly as a result of cost saving measures and unrealistic budget cost estimates.
Loss on Disposal of PPE	Loss mainly the result of assets not verified during asset count. Municipality did not budget for losses.

### Cash Flow Statement - Budget Adjustments

Property Rates and Service Charges	Incorporate latest payment percentages and revised revenue projections into the cash flow forecast.
Other Revenue	Account for anticipated increase in revenue to be generated from Fines.
Government - Operating	Additional Housing allocations previously not budgeted for.
Government - Capital	Adjustment to account for additional VAT to be recovered from Capital Grants in line with the requirement of National Treasury
Suppliers and Employees	Account for additional overtime and grant allocations received by the municipality.
Finance Charges	Correction of interest on the anticipated capital program to be financed from external funds.
Cash available on reporting dates	Align budget to prior year actual results and incorporate the anticipated revenue and expenditure trends in the full year projection for Cash.

### Cash Flow Statement - Budget versus Actual

Service Charges	Lower than anticipated demand for especially Electricity.
Other Revenue	Lower than anticipated recovery from fines combined with a significant portion of outstanding money relating to asset sales included as part of operating activities.
Government - Capital	Less than anticipated VAT recovered from Capital Grants
Interest	Higher Cash levels than anticipated resulting in higher interest yields
Suppliers and Employees	Cost saving measures resulting in lower than expected expenditure trends

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 47 BUDGET COMPARISONS (CONTINUED)

Finance Charges	Projects funded from loans were either procured later than anticipated or the project did not materialise before year-end.
Proceeds on Disposal of PPE	Sale of properties not fully budgeted for.
Capital Assets	The Capital Budget was not fully spent in the current year combined with certain projects that did not materialise before year-end.
New Loans Raised and Repaid	Projects funded from loans were either procured later than anticipated or the project did not materialise before year-end. This resulted in lower funding raised and repaid in the current year..

2016  
R

2015  
R

### 48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

#### 48.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

Opening balance	7 445 269	41 507 477
Unauthorised expenditure current year - operating	-	3 798 828
Unauthorised expenditure current year - capital	-	3 646 440
Approved by Council	(7 445 269)	(41 507 477)
<b>Unauthorised expenditure awaiting approval</b>	<b>-</b>	<b>7 445 269</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

	2016 (Actual) R	2016 (Final Budget) R	2016 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Executive and Council	15 089 808	16 702 849	-
Budget and Treasury Office	38 243 727	38 288 083	-
Corporate Services	22 758 976	23 655 896	-
Community and Social Services	41 225 276	43 122 232	-
Electricity	76 313 505	80 204 493	-
Infrastructure	54 214 132	55 880 657	-
<b>Total</b>	<b>247 845 425</b>	<b>257 854 210</b>	<b>-</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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

	2016 (Actual) R	2016 (Final Budget) R	2016 (Unauthorised) R
<b>Unauthorised expenditure - Capital</b>			
Executive and Council	16 029	16 100	-
Budget and Treasury Office	25 287	27 675	-
Corporate Services	1 732 505	1 777 320	-
Community and Social Services	6 666 084	6 865 580	-
Electricity	4 019 936	4 042 783	-
Infrastructure	8 805 363	9 934 959	-
<b>Total</b>	<b>21 265 204</b>	<b>22 664 417</b>	<b>-</b>
		2016 R	2015 R

#### 48.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	17 617	-
Fruitless and wasteful expenditure incurred	208 230	18 567
Approved by Council	(17 617)	(950)
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>208 230</b>	<b>17 617</b>

Details of Fruitless and wasteful expenditure incurred :

Interest on late payments	1 468	2 567
Telephone Services Cancelled although Telkom continue to charge the municipality with the incorrect amounts due	114 442	-
Rothman Building partially used and cannot cancel the agreement prior to the expiry date.	84 575	-
Rental of two fax machines although not utilised anymore	7 745	-
Settlement payment relating to unfair dismissal	-	16 000
<b>Total</b>	<b>208 230</b>	<b>18 567</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

48

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

The fruitless and wasteful expenditure has been referred to MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred which be subject the outcome of the investigation report.

	2016 R	2015 R
<b>48.3 IRREGULAR EXPENDITURE</b>		
Irregular expenditure consist out of the following:		
Opening balance	717 098	992 113
Irregular expenditure incurred	190 708	717 097
Approved by Council	(717 098)	(992 113)
<b>Irregular expenditure awaiting approval</b>	<b>190 708</b>	<b>717 098</b>
Details of Irregular expenditure incurred :		
Nashua Mobile (Pty) Ltd - Non-compliance with MFMA section 44.	-	138 292
Schneider Electric South Africa PTY (LTD) - Non-compliance with MFMA section 44.	-	270 977
Identified irregular expenditure in terms of the SCM policy acquisition procedures	2 456	9 091
Non-Compliance relating to Bid Adjudication Committees not in line with SCM Regulation 29 (4)	-	298 737
None-Compliance in terms of section 65(2)(a) of the MFMA to ensure a system of expenditure control	188 252	-
<b>Total</b>	<b>190 708</b>	<b>717 097</b>

The irregular expenditure has been referred to MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred which be subject the outcome of the investigation.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2016	2015
<b>48.4 MATERIAL LOSSES</b>		
<b>Electricity distribution losses</b>		
- Units purchased (Kwh)	74 127 122	71 406 571
- Units lost during distribution (Kwh)	5 337 657	4 607 825
- Percentage lost during distribution	7.20%	6.45%
- Rand Value of Loss	3 416 100	2 580 382
<b>Water distribution losses</b>		
- Kilo litres purified	2 099 039	2 511 992
- Kilo litres lost during distribution	399 170	537 199
- Percentage lost during distribution	19.02%	21.39%
- Rand Value of Loss	958 008	886 379

2016	2015
R	R

### 49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

#### 49.1 Salga Contributions [MFMA 125 (1)(b)]

Opening balance	(847 413)	(763 363)
Expenditure incurred	847 413	763 363
Payments	(911 278)	(847 413)
<b>Payments in advance</b>	<b>(911 278)</b>	<b>(847 413)</b>

#### 49.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	3 505 156	2 806 574
External Audit - Auditor-General	3 449 906	2 743 209
Audit Committee	55 250	63 365
Payments	(3 505 156)	(2 806 574)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

#### 49.3 VAT [MFMA 125 (1)(c)]

Opening balance	431 506	997 767
Amounts received during the year	(628 231)	(936 699)
Amounts paid during the year	2 674 930	2 044 966
Amounts claimed - current year	871 094	512 537
Amounts payable - current year	(2 674 930)	(2 187 064)
<b>Outstanding Balance</b>	<b>674 370</b>	<b>431 506</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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

	2016 R	2015 R
<b>Vat in suspense due to cash basis of accounting</b>	<b>(2 004 783)</b>	<b>(1 097 183)</b>

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

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

Payments due to SARS	13 404 986	10 435 648
Payments	(13 404 986)	(10 435 648)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

According to SARS records the municipality was penalised for late and / or no payment and as a result been penalised with penalties / interest to the amount of R 278 315 for TAX Compliance disclosed under note 3 (Other Arrears). The mentioned amount paid to SARS is in process of investigation as according to the municipality's records no outstanding SARS payment and / or late payments exists for the tax under review.

#### 49.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

Payments due to pension fund and medical aid	22 971 248	18 527 341
Payments	(22 971 248)	(18 527 341)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

#### 49.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following Councillor were in arrears:

Councillor Z Tonisi	2 999	-
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Arrangements were made to settle the outstanding debt and the full amount was paid during August 2016.

#### 49.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

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

Less than R 30 000	186 159	325 871
Between R 30 000 and R 200 000	367 380	861 652
More than R 200 000	1 312 758	1 678 797
<b>Total</b>	<b>1 866 297</b>	<b>2 866 320</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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

#### 49.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

#### 49.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged with the following employees in service of the state (SCM 44)

<u>Name (State institution)</u>	<u>Supplier name</u>	2016 R	2015 R
P Ntombela (Amatola Water Board)	Schneider Electric South Africa PTY(LTD)	-	270 977
D Nchoba (Nat: Arts & Culture)	Nashua Mobile (Pty) Ltd	-	138 292
<b>Total</b>		<b>-</b>	<b>409 269</b>

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)

<u>Name (State institution)</u>	<u>Supplier name</u>	2016 R	2015 R
TL Du Toit (Department of Health)	Cape Agulhas Civils	3 948 434	3 033 247
N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel)	Canfred Computers T/A Premium Computers & Stationers	264 047	-
<b>Total</b>		<b>4 212 480</b>	<b>3 033 247</b>

### 50 CAPITAL COMMITMENTS

#### Commitments in respect of Capital Expenditure:

Approved and contracted for:

Construction of Thusong Centre - Phase 2	1 363 369	-
Supply & Delivery of Hydraulic Sweeper	248 560	-
Time and Attendance System	929 898	-
<b>Total</b>	<b>2 541 828</b>	<b>-</b>

This expenditure will be financed from:

Government Grants	1 863 369	-
External Loans	248 560	-
Internal Funding - CRR	429 898	-
<b>Total</b>	<b>2 541 828</b>	<b>-</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 51 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

#### 51.1 Credit Risk

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

The following financial assets are exposed to credit risk:

	2016 R	2015 R
Cash and Cash Equivalents	14 383 798	18 834 092
Receivables from exchange transactions	24 337 359	16 599 095
Current Portion of Long-term Receivables	27 208	28 751
Long-Term Receivables	227 042	254 249
<b>Total</b>	<b>38 975 406</b>	<b>35 716 186</b>

#### Cash and Cash Equivalents

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

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

#### Receivables from Exchange Transactions

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

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

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

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

	2016 R	2015 R
Electricity	1 054 963	1 265 818
Water	594 946	530 557
Refuse	365 686	250 749
Sewerage	274 575	190 012
Other Services	623 997	437 217
<b>Total</b>	<b>2 914 167</b>	<b>2 674 354</b>

#### Long Term Receivables (including current portion)

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

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

#### 51.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 51.3 Interest rate risk (Market Risk)

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

	2016 R	2015 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	14 369 648	18 819 992
Long-term Liabilities (Including Current Portion)	(3 373 217)	(1 361 846)
Non-Current Provisions (Including Current Portion)	(62 220 661)	(61 749 125)
<b>Net balance exposed</b>	<b>(51 224 230)</b>	<b>(44 290 980)</b>

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

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

1% (2015 - 1%) increase in interest rates	(512 242)	(442 910)
0% (2015 - 0%) decrease in interest rates	-	-

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

#### 51.4 Liquidity risk

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

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



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2016	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	758 856	2 081 304	987 637
Finance Lease Liabilities	437 020	361 515	-
Rehabilitation Provision	3 858 715	-	979 749 369
Payables from exchange transactions	4 388 352	-	-
Unspent Conditional Government Grants	278 750	-	-
Unspent Public Contributions	117 028	-	-
<b>Total</b>	<b>9 838 721</b>	<b>2 442 819</b>	<b>980 737 006</b>

30 JUNE 2015	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	238 724	238 457	-
Finance Lease Liabilities	406 292	688 135	-
Rehabilitation Provision	3 654 891	-	599 817 172
Payables from exchange transactions	10 164 452	-	-
Unspent Conditional Government Grants	172 039	-	-
Unspent Public Contributions	46 357	-	-
<b>Total</b>	<b>14 682 756</b>	<b>926 592</b>	<b>599 817 172</b>

Although the rehabilitation provision, the unspent conditional government grant and unspent public contribution is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

#### 51.5 Other price risk (Market Risk)

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

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

The municipality is not exposed to any other price risk.

### 52 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

#### Financial Assets

	2016 R	2015 R
Cash and Cash Equivalents	14 383 798	18 834 092
Receivables from exchange transactions	24 337 359	16 599 095
Current Portion of Long-term Receivables	27 208	28 751
Long-Term Receivables	227 042	254 249
<b>Total</b>	<b>38 975 406</b>	<b>35 716 186</b>

#### Financial Liabilities

Current Portion of Long-term Liabilities	869 577	516 986
Payables from exchange transactions	4 388 352	10 164 452
Unspent Conditional Government Grants	278 750	172 039
Unspent Public Contributions	117 028	46 357
Long-term Liabilities	2 503 641	844 860
<b>Total</b>	<b>8 157 348</b>	<b>11 744 696</b>

### 53 STATUTORY RECEIVABLES

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

#### **Receivables from Non-Exchange Transactions**

Rates	6 167 613	4 969 617
Fines	8 123 981	3 045 081
<b>Total</b>	<b>14 291 594</b>	<b>8 014 698</b>

Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above

Rates Receivable past due not impaired	<b>596 075</b>	<b>531 304</b>
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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 54 EVENTS AFTER REPORTING DATE

The municipal election took place on 3 August 2016 and the following councillors have been elected as from 15 August 2016:

PJ Swart	Executive Mayor
JG Nieuwoudt	Speaker
Z Tonisi	Deputy Executive Mayor
D Burger	Executive Mayoral Committee
M October	Executive Mayoral Committee
RJ Baker	Ordinary Councillors
DJ Europa	Ordinary Councillors
EC Marthinus	Ordinary Councillors
CJ Jacobs	Ordinary Councillors
D Jantjies	Ordinary Councillors
EL Suals	Ordinary Councillors

The number of wards increased from five to six wards and as a result the number councillors increased from nine to eleven councillors.

Although this event is considered significant to the municipality, it does not impact on any other disclosure or amounts disclosed in the financial statements.

### 55 IN-KIND DONATIONS AND ASSISTANCE

The Cape Agulhas Municipality during the financial year under review received the following assistance in-kind from the Department Community Safety providing 16 interns to assist with safety issues within the municipal area as well as the Department of Corporate Governance and Human Settlements involved with community development work. The mentioned assistance in-kind is not regarded as significant nor can it be measured reliably.

Refer to notes 16 and 25 for more detail regarding to public contributions and and other assistance received. The municipality also received donated assets to the value of R65 890.

### 56 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

### 57 CONTINGENT LIABILITIES

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

#### 57.1

Court case 2226/11 in which Verrewyde Eiendoms BPK instituted a claim of R33 119 510 regarding erf 599 Waenhuiskrans against the municipality has been settled through an agreement by both parties that the property be sold, that the settlement amount be linked to the selling price which will not exceed R9,5 million and that this agreement be regarded as final settlement. However the Waenhuiskrans Rate Payers Association lodged a dispute with the municipality against the final settlement agreement. All three the parties involved resolved on a mediation process to follow which is still in process. The matter to-date is still sub judice and the amount is regarded as a contingent liability until judgement is passed.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 57 CONTINGENT LIABILITIES (CONTINUED)

#### 57.2

The municipality does not have a permit or license for Waenhuiskrans landfill site currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act. The municipality is in discussion with the Department of Environmental Affairs to address the outstanding issue.

**57.3** Guarantees in favour of the following third parties - Post Office - R 50 000 (2015 - R 50 000)

**57.4** Contractor representative did not accept this ruling and referred the matter to the Institute of Civil Engineering for further attention which is still not finalised. The potential legal fee liability to the municipality is estimated at R300 000.

### 58 RELATED PARTIES

Related parties are defined in note 1.35

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

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

Remuneration of related parties are disclosed in notes 31 and 32

The Cape Agulhas Municipality as the holding entity had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Although the de-registration process is as yet not been finalised on 30 June 2016, the company does not have any assets or liabilities on the reporting dates under review (30 June 2015 and 30 June 2016). The process to de-register the company is considered to be an administrative matter to be finalised and no further financial activities have been conducted in the company on or beyond 30 June 2015. Due to the de-registration no consolidated financial statements are prepared for the financial year under review.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 58 RELATED PARTIES (CONTINUED)

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

<u>Entity</u>	<u>Employee</u>	2016 R	2015 R
Adonai Funeral Home (Brother of D Fredericks)	D Fredericks	35 200	23 850
KJ Jansen (Parent of D Oncke)	D Oncke	-	1 500
F Pieterse (Spouse of F Pieterse)	F Pieterse	20 190	21 440
PF Hammer (Parent of G Le Roux)	G Le Roux	-	11 900
Cape Agulhas Communications (Parent of H Spandiel)	H Spandiel	-	10 734
M.A.T Overberg Retailers (Spouses of J Teixeira & L Texeira)	J Teixeira & L Teixeira	6 694	4 542
J Van Zyl (Parent of W van Zyl)	W Van Zyl	-	70 623
<b>Total</b>		<b>62 084</b>	<b>144 589</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 59 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>Financial Performance</b>						
Property rates	49 956 020	(57 000)	49 899 020	49 930 979	31 959	42 895 205
Service charges	125 516 380	(405 370)	125 111 010	125 268 151	157 141	109 435 555
Investment revenue	1 970 000	-	1 970 000	1 906 965	(63 035)	1 848 735
Transfers recognised - operational	30 989 850	5 922 709	36 912 559	36 456 206	(456 354)	50 234 263
Other own revenue	14 108 730	7 357 101	21 465 831	24 794 368	3 328 537	15 673 815
<b>Total Operating Revenue</b>	<b>222 540 980</b>	<b>12 817 440</b>	<b>235 358 420</b>	<b>238 356 669</b>	<b>2 998 249</b>	<b>220 087 572</b>
Employee costs	90 608 382	4 219 744	94 828 126	98 052 336	3 224 210	81 686 677
Remuneration of councillors	3 760 000	-	3 760 000	3 624 961	(135 039)	3 452 005
Debt impairment	3 190 000	4 308 425	7 498 425	8 221 894	723 469	6 000 428
Depreciation & asset impairment	9 789 400	1 479 156	11 268 556	10 670 721	(597 835)	10 127 756
Finance charges	2 883 444	4 798 140	7 681 584	7 635 572	(46 012)	4 730 909
Materials and bulk purchases	72 802 170	(2 750 000)	70 052 170	66 648 287	(3 403 883)	57 446 954
Transfers and grants	1 539 000	80 000	1 619 000	1 491 350	(127 650)	1 266 480
Other expenditure	52 024 273	9 122 076	61 146 349	51 500 304	(9 646 045)	68 623 959
<b>Total Expenditure</b>	<b>236 596 669</b>	<b>21 257 541</b>	<b>257 854 210</b>	<b>247 845 425</b>	<b>(10 008 785)</b>	<b>233 335 169</b>
<b>Surplus/(Deficit)</b>	<b>(14 055 689)</b>	<b>(8 440 101)</b>	<b>(22 495 790)</b>	<b>(9 488 755)</b>	<b>13 007 034</b>	<b>(13 247 597)</b>
Transfers recognised - capital	13 464 150	(297 139)	13 167 011	13 196 731	29 720	17 856 030
Contributions Recognised - capital	-	735 783	735 783	733 782	(2 001)	-
Contributed Assets	-	-	-	65 890	65 890	-
<b>Surplus/(Deficit) for the year</b>	<b>(591 539)</b>	<b>(8 001 457)</b>	<b>(8 592 996)</b>	<b>4 507 648</b>	<b>13 100 644</b>	<b>4 608 433</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 59 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>21 691 415</b>	<b>973 002</b>	<b>22 664 417</b>	<b>21 265 204</b>	<b>(1 399 213)</b>	<b>59 755 479</b>
Transfers recognised - capital	13 464 150	(297 141)	13 167 009	13 196 731	29 722	17 856 030
Public contributions & donations	-	743 583	743 583	799 022	55 439	-
Borrowing	2 930 000	144 800	3 074 800	2 573 190	(501 610)	879 600
Internally generated funds	5 297 265	381 760	5 679 025	4 696 261	(982 764)	41 019 850
<b>Total sources of capital funds</b>	<b>21 691 415</b>	<b>973 002</b>	<b>22 664 417</b>	<b>21 265 204</b>	<b>(1 399 213)</b>	<b>59 755 479</b>
<b>Cash flows</b>						
Net cash from (used) operating	8 417 569	2 512 277	10 929 845	9 922 329	(1 007 517)	19 933 341
Net cash from (used) investing	(21 685 415)	(432 861)	(22 118 276)	(16 402 430)	5 715 846	(22 383 204)
Net cash from (used) financing	2 724 485	(395 022)	2 329 463	2 029 807	(299 657)	(123 247)
<b>Net Cash Movement for the year</b>	<b>(10 543 361)</b>	<b>1 684 395</b>	<b>(8 858 967)</b>	<b>(4 450 294)</b>	<b>4 408 672</b>	<b>(2 573 109)</b>
Cash/cash equivalents at beginning of year	12 725 667	6 108 425	18 834 092	18 834 092	-	21 407 202
<b>Cash/cash equivalents at the year end</b>	<b>2 182 305</b>	<b>7 792 819</b>	<b>9 975 125</b>	<b>14 383 798</b>	<b>4 408 672</b>	<b>18 834 092</b>

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2016

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2015 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2016 R
<b><u>ANNUITY LOANS</u></b>							
DBSA	B48	15.00%	2017-06-30	399 444	-	(185 312)	214 132
ABSA	3044713107	10.60%	2026-06-30	-	1 200 000	-	1 200 000
ABSA	88397067	10.60%	2021-06-30	-	729 253	-	729 253
ABSA	88399019	10.60%	2021-06-30	-	319 061	-	319 061
ABSA	88396435	10.60%	2021-06-30	-	180 077	-	180 077
<b>Total Annuity Loans</b>				<b>399 444</b>	<b>2 428 390</b>	<b>(185 312)</b>	<b>2 642 522</b>
<b><u>FINANCE LEASE LIABILITIES</u></b>							
Olivetti D Copia 3504MF	NVN2803039	8.50%	2015-10-31	2 728	-	(2 728)	-
Olivetti D Copia 3504MF	NVN2803036	8.50%	2015-10-31	2 728	-	(2 728)	-
Nashua MP9002	W883J900014	9.00%	2017-02-28	98 648	-	(57 412)	41 236
Nashua MP201SPFGY	W3049601665	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP201SPFGY	W3049601380	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP201SPFGY	W3049601292	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP201SPFGY	W3049601290	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP201SPFGY	W3049604821	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP201SPFGY	W3049604824	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP201SPFGY	W3049604805	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP201SPFGY	W3049604820	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP201SPFGY	W3049604818	9.37%	2018-05-31	9 953	-	(3 112)	6 841
Nashua MP301SPF	W914PC06432	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407168	9.37%	2018-05-31	13 856	-	(4 332)	9 524



# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2016

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2015 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2016 R
<b><u>FINANCE LEASE LIABILITIES (CONTINUED)</u></b>							
Nashua MP301SPF	W914P407172	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407173	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407177	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407185	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407189	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407191	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407208	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407225	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407313	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MP301SPF	W914P407315	9.37%	2018-05-31	13 856	-	(4 332)	9 524
Nashua MPC305SPF	W794P503261	9.37%	2018-05-31	18 247	-	(5 705)	12 542
Nashua MPC305SPF	W794P503262	9.37%	2018-05-31	18 247	-	(5 705)	12 542
Nashua MPC4503	E174MC30441	9.37%	2018-05-31	69 964	-	(21 876)	48 088
Nashua MPC4503	E174MC30439	9.37%	2018-05-31	69 964	-	(21 876)	48 088
Nashua HP T2500	CN52EBH02X	9.37%	2018-05-31	210 965	-	(65 963)	145 002
Nashua MP9002	W884JC00043	9.37%	2018-05-31	107 531	-	(33 622)	73 909
Nashua MP9002	W885J100084	9.37%	2018-05-31	107 531	-	(33 622)	73 909
Nashua MPC305SPF	W795P203788	9.37%	2018-05-31	-	18 700	(5 847)	12 853
Nashua MP2501SP	E335M220259	9.37%	2018-05-31	-	36 600	(11 444)	25 156
Nashua MP6002SP	W865J100087	9.37%	2018-05-31	-	89 500	(27 984)	61 516
<b>Total Finance Lease Liabilities</b>				<b>962 403</b>	<b>144 800</b>	<b>(376 508)</b>	<b>730 695</b>
<b>Total Long-Term Liabilities</b>				<b>1 361 846</b>	<b>2 573 190</b>	<b>(561 819)</b>	<b>3 373 217</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2016

30 June 2016	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Land and Buildings</b>	<b>83 788 631</b>	<b>757 004</b>	<b>(886 000)</b>	<b>83 659 635</b>	<b>10 147 236</b>	<b>430 247</b>	<b>(160 234)</b>	<b>10 417 249</b>	<b>73 242 387</b>
Land	55 253 058	-	-	55 253 058	-	-	-	-	55 253 058
Buildings	28 535 574	757 004	(886 000)	28 406 578	10 147 236	430 247	(160 234)	10 417 249	17 989 329
<b>Infrastructure</b>	<b>237 937 764</b>	<b>11 504 318</b>	<b>(47 821)</b>	<b>249 394 261</b>	<b>46 834 449</b>	<b>6 310 405</b>	<b>(19 989)</b>	<b>53 124 865</b>	<b>196 269 397</b>
Roads and Storm water	84 615 213	4 063 696	-	88 678 909	11 250 811	2 061 852	-	13 312 663	75 366 246
Electricity Network	50 814 059	4 017 423	(37 431)	54 794 051	10 891 750	1 395 260	(11 238)	12 275 772	42 518 279
Sewerage Network	51 722 873	3 085 225	(10 390)	54 797 708	7 907 024	1 624 889	(8 751)	9 523 162	45 274 546
Water Network	48 685 960	337 974	-	49 023 934	15 450 741	1 150 800	-	16 601 541	32 422 394
Refuse Removal	2 099 659	-	-	2 099 659	1 334 123	77 604	-	1 411 726	687 932
<b>Community Assets</b>	<b>17 784 513</b>	<b>5 758 204</b>	<b>(2 372)</b>	<b>23 540 346</b>	<b>2 201 301</b>	<b>279 570</b>	<b>(637)</b>	<b>2 480 235</b>	<b>21 060 111</b>
Cemeteries	219 207	-	-	219 207	1 764	780	-	2 544	216 663
Clinics	107 995	-	-	107 995	11 767	980	-	12 747	95 247
Community Halls	8 748 895	2 889 934	-	11 638 828	265 406	90 702	-	356 108	11 282 720
Libraries	4 297 285	3 750	-	4 301 035	1 431 263	63 394	-	1 494 656	2 806 378
Parks & Gardens	556 918	1 253 214	-	1 810 132	131 700	41 575	-	173 275	1 636 857
Recreation Grounds	1 766 423	-	-	1 766 423	243 614	24 178	-	267 792	1 498 630
Sports facilities	2 087 792	1 611 307	(2 372)	3 696 727	115 788	57 961	(637)	173 112	3 523 615
<b>Lease Assets</b>	<b>1 096 561</b>	<b>144 800</b>	<b>(49 349)</b>	<b>1 192 011</b>	<b>89 837</b>	<b>213 596</b>	<b>(48 159)</b>	<b>255 273</b>	<b>936 738</b>
Leased Assets - Office Machines	1 096 561	144 800	(49 349)	1 192 011	89 837	213 596	(48 159)	255 273	936 738

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2016

30 JUNE 2016 (CONTINUED)	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Other Assets</b>	<b>31 324 321</b>	<b>3 050 878</b>	<b>(776 085)</b>	<b>33 599 114</b>	<b>11 054 566</b>	<b>1 933 327</b>	<b>(366 543)</b>	<b>12 621 350</b>	<b>20 977 765</b>
Computer Hardware	3 498 456	481 242	(109 170)	3 870 528	1 223 647	335 480	(73 296)	1 485 830	2 384 697
Furniture and Office Equipment	5 578 263	762 289	(375 147)	5 965 405	1 804 829	349 334	(187 975)	1 966 187	3 999 218
Vehicles	11 834 261	1 215 133	(158 244)	12 891 150	4 537 631	746 906	(18 028)	5 266 509	7 624 641
Special Vehicles	3 320 756	1 111	-	3 321 867	770 584	60 271	-	830 854	2 491 012
Tools and Equipment	3 914 384	485 529	(93 215)	4 306 698	1 371 906	294 711	(57 746)	1 608 871	2 697 827
Other	3 178 202	105 574	(40 309)	3 243 467	1 345 970	146 625	(29 497)	1 463 098	1 780 369
<b>Total</b>	<b>371 931 791</b>	<b>21 215 204</b>	<b>(1 761 627)</b>	<b>391 385 368</b>	<b>70 327 388</b>	<b>9 167 144</b>	<b>(595 562)</b>	<b>78 898 971</b>	<b>312 486 399</b>

The following work in progress balances are included in PPE

Roads and Storm water	4 427 898
Electricity Network	2 029 217
Water Network	387 714
<b>Total Work in Progress (WIP)</b>	<b>6 844 829</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2016

30 JUNE 2015	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Land and Buildings</b>	<b>83 648 845</b>	<b>139 786</b>	-	<b>83 788 631</b>	<b>9 738 275</b>	<b>408 961</b>	-	<b>10 147 236</b>	<b>73 641 396</b>
Land	55 253 058	-	-	55 253 058	-	-	-	-	55 253 058
Buildings	28 395 788	139 786	-	28 535 574	9 738 275	408 961	-	10 147 236	18 388 338
<b>Infrastructure</b>	<b>220 931 856</b>	<b>17 292 520</b>	<b>(286 611)</b>	<b>237 937 764</b>	<b>41 097 460</b>	<b>5 830 430</b>	<b>(93 441)</b>	<b>46 834 449</b>	<b>191 103 316</b>
Roads and Storm water	72 310 883	12 534 083	(229 753)	84 615 213	9 582 792	1 742 350	(74 331)	11 250 811	73 364 403
Electricity Network	48 152 614	2 710 220	(48 775)	50 814 059	9 552 936	1 350 927	(12 113)	10 891 750	39 922 309
Sewerage Network	50 986 119	736 754	-	51 722 873	6 331 773	1 575 251	-	7 907 024	43 815 849
Water Network	47 382 581	1 311 462	(8 083)	48 685 960	14 373 228	1 084 510	(6 997)	15 450 741	33 235 219
Refuse Removal	2 099 659	-	-	2 099 659	1 256 731	77 392	-	1 334 123	765 536
<b>Community Assets</b>	<b>15 180 630</b>	<b>2 603 883</b>	-	<b>17 784 513</b>	<b>1 994 031</b>	<b>207 271</b>	-	<b>2 201 301</b>	<b>15 583 212</b>
Cemeteries	219 207	-	-	219 207	984	780	-	1 764	217 443
Clinics	107 995	-	-	107 995	10 787	980	-	11 767	96 227
Community Halls	8 741 969	6 926	-	8 748 895	175 158	90 248	-	265 406	8 483 489
Libraries	3 412 297	884 988	-	4 297 285	1 373 075	58 188	-	1 431 263	2 866 022
Parks & Gardens	522 836	34 082	-	556 918	114 651	17 049	-	131 700	425 218
Recreation Grounds	1 766 423	-	-	1 766 423	219 435	24 178	-	243 614	1 522 809
Sports facilities	409 905	1 677 887	-	2 087 792	99 941	15 848	-	115 788	1 972 004
<b>Lease Assets</b>	<b>865 717</b>	<b>879 600</b>	<b>(648 756)</b>	<b>1 096 561</b>	<b>374 825</b>	<b>181 762</b>	<b>(466 750)</b>	<b>89 837</b>	<b>1 006 724</b>
Leased Assets - Office Machines	865 717	879 600	(648 756)	1 096 561	374 825	181 762	(466 750)	89 837	1 006 724

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2016

30 JUNE 2015 (CONTINUED)	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
<b>Other Assets</b>	<b>30 158 052</b>	<b>1 669 845</b>	<b>(503 576)</b>	<b>31 324 321</b>	<b>9 263 498</b>	<b>2 135 308</b>	<b>(344 241)</b>	<b>11 054 566</b>	<b>20 269 755</b>
Computer Hardware	3 094 239	493 939	(89 722)	3 498 456	926 926	348 590	(51 870)	1 223 647	2 274 809
Furniture and Office Equipment	5 105 038	522 997	(49 773)	5 578 263	1 481 369	343 533	(20 074)	1 804 829	3 773 434
Vehicles	11 545 296	288 965	-	11 834 261	3 611 897	925 734	-	4 537 631	7 296 630
Special Vehicles	3 346 366	-	(25 610)	3 320 756	728 965	62 839	(21 220)	770 584	2 550 172
Tools and Equipment	3 870 776	363 944	(320 337)	3 914 384	1 304 740	305 376	(238 210)	1 371 906	2 542 478
Other	3 196 336	-	(18 134)	3 178 202	1 209 601	149 236	(12 867)	1 345 970	1 832 232
<b>Total</b>	<b>350 785 099</b>	<b>22 585 635</b>	<b>(1 438 943)</b>	<b>371 931 791</b>	<b>62 468 088</b>	<b>8 763 732</b>	<b>(904 431)</b>	<b>70 327 388</b>	<b>301 604 404</b>

The following work in progress balances are included in PPE.

Roads and Storm water	4 183 999
Electricity Network	967 250
Water Network	70 000
<b>Total Work in Progress (WIP)</b>	<b>5 221 249</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2016

VOTE	30 JUNE 2016			30 JUNE 2015		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Executive and Council	13 252 297	(15 089 808)	(1 837 511)	12 873 314	(14 791 488)	(1 918 174)
Budget and Treasury Office	60 455 533	(38 243 727)	22 211 806	48 012 131	(31 683 844)	16 328 287
Corporate Services	2 298 934	(22 758 976)	(20 460 042)	2 910 189	(21 011 481)	(18 101 292)
Community and Social Services	27 332 931	(41 225 276)	(13 892 345)	31 066 388	(33 032 771)	(1 966 384)
Sport and Recreation	-	-	-	5 452 220	(8 170 225)	(2 718 005)
Public Safety	-	-	-	5 305 810	(8 904 557)	(3 598 747)
Road Transport	-	-	-	96 482	(11 750 949)	(11 654 467)
Electricity	89 127 681	(76 313 505)	12 814 176	77 394 000	(65 987 345)	11 406 656
Water	-	-	-	20 689 753	(14 348 840)	6 340 913
Waste Water Management	-	-	-	9 769 347	(8 296 524)	1 472 823
Waste Management	-	-	-	13 351 743	(11 625 731)	1 726 011
Environmental Protection	-	-	-	-	(346 320)	(346 320)
Other	-	-	-	11 022 224	(3 385 093)	7 637 132
Infrastructure	59 885 696	(54 214 132)	5 671 564	-	-	-
<b>Total</b>	<b>252 353 073</b>	<b>(247 845 425)</b>	<b>4 507 648</b>	<b>237 943 602</b>	<b>(233 335 169)</b>	<b>4 608 433</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX D (UNAUDITED)

### ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2016

	ACTUAL R	BUDGET R	VARIANCE R	EXPLANATION FOR MATERIAL VARIANCES
<b>OPERATING EXPENDITURE</b>				
Executive and Council	15 089 808	16 702 849	(1 613 041)	Cost saving measures resulting in lower expenditure levels
Budget and Treasury Office	38 243 727	38 288 083	(44 356)	
Corporate Services	22 758 976	23 655 896	(896 920)	Cost saving measures resulting in lower expenditure levels
Community and Social Services	41 225 276	43 122 232	(1 896 956)	Lower than expected fines revenue generated resulting in lower debt impairment charge and lower operational cost relating to fines management.
Electricity	76 313 505	80 204 493	(3 890 988)	Savings on Bulk Purchases due to lower demand than anticipated
Infrastructure	54 214 132	55 880 657	(1 666 525)	Cost saving measures resulting in lower expenditure levels
<b>Total</b>	<b>247 845 425</b>	<b>257 854 210</b>	<b>(10 008 785)</b>	
<b>CAPITAL EXPENDITURE</b>				
Executive and Council	16 029	16 100	(71)	
Budget and Treasury Office	25 287	27 675	(2 388)	
Corporate Services	1 732 505	1 777 320	(44 815)	
Community and Social Services	6 666 084	6 865 580	(199 496)	
Electricity	4 019 936	4 042 783	(22 847)	
Infrastructure	8 805 363	9 934 959	(1 129 596)	Underspending mainly the result of certain projects (including loan funded projects) not materialising in the current year.
<b>Total</b>	<b>21 265 204</b>	<b>22 664 417</b>	<b>(1 399 213)</b>	

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (UNAUDITED)

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

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>					
Equitable Share	-	20 679 000	(20 679 000)	-	-
Financial Management Grant (FMG)	-	1 450 000	(1 238 414)	(211 586)	-
Municipal Systems Improvement Grant (MSIG)	-	930 000	(150 000)	(780 000)	-
Municipal Infrastructure Grant (MIG)	-	10 787 000	(1 295 789)	(9 491 211)	-
Skills Development Fund	-	496 530	(365 770)	-	130 760
National Electrification Programme (INEP)	-	2 000 000	(8 002)	(1 991 998)	-
Expanded Public Works Program (EPWP)	-	1 000 000	(1 000 000)	-	-
<b>Total</b>	-	<b>37 342 530</b>	<b>(24 736 974)</b>	<b>(12 474 796)</b>	<b>130 760</b>
<b>PROVINCIAL GOVERNMENT</b>					
Library Services	-	4 270 000	(4 259 681)	(10 319)	-
Proclaimed Road Subsidy	-	56 562	(56 562)	-	-
Housing Grants	-	6 668 615	(6 668 615)	-	-
Community Development Workers	-	54 000	(44 259)	(9 741)	-
Finance Management Support Grant	-	856 940	(658 950)	(50 000)	147 990
Municipal Infrastructure Support Grant	-	300 000	(1 786)	(298 214)	-
Thusong Centre	-	211 000	(29 379)	(181 621)	-
Department of Agriculture, Forestry and Fisheries	72 039	-	-	(72 039)	-
Provincial Contribution (Netball Court)	100 000	-	-	(100 000)	-
<b>Total</b>	<b>172 039</b>	<b>12 417 117</b>	<b>(11 719 232)</b>	<b>(721 935)</b>	<b>147 990</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>172 039</b>	<b>49 759 647</b>	<b>(36 456 206)</b>	<b>(13 196 731)</b>	<b>278 750</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE OUTCOME 2015 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>70 682 020</b>	<b>994 081</b>	<b>71 676 101</b>	<b>75 016 493</b>	<b>3 340 392</b>	<b>63 795 634</b>
Executive and council	13 309 000	(90 920)	13 218 080	13 252 297	34 217	12 873 314
Budget and treasury office	55 422 520	1 023 001	56 445 521	60 455 533	4 010 012	48 012 131
Corporate services	1 950 500	62 000	2 012 500	1 308 662	(703 838)	2 910 189
<b>Community and public safety</b>	<b>16 696 100</b>	<b>11 433 520</b>	<b>28 129 620</b>	<b>27 332 931</b>	<b>(796 689)</b>	<b>41 824 418</b>
Community and social services	4 982 500	100 500	5 083 000	5 107 940	24 940	31 066 388
Sport and recreation	5 415 100	149 300	5 564 400	5 677 972	113 572	5 452 220
Public safety	3 998 500	6 815 100	10 813 600	9 878 403	(935 197)	5 305 810
Housing	2 300 000	4 368 620	6 668 620	6 668 615	(5)	-
<b>Economic and environmental services</b>	<b>12 375 600</b>	<b>92 700</b>	<b>12 468 300</b>	<b>12 663 701</b>	<b>195 401</b>	<b>96 482</b>
Planning and development	12 375 600	92 700	12 468 300	12 663 701	195 401	-
Road transport	-	-	-	-	-	96 482
Environmental protection	-	-	-	-	-	-
<b>Trading services</b>	<b>136 251 410</b>	<b>735 783</b>	<b>136 987 193</b>	<b>137 339 948</b>	<b>352 755</b>	<b>121 204 843</b>
Electricity	89 511 080	735 783	90 246 863	89 127 681	(1 119 182)	77 394 000
Water	21 852 790	-	21 852 790	22 384 017	531 227	20 689 753
Waste water management	9 576 930	-	9 576 930	10 459 280	882 350	9 769 347
Waste management	15 310 610	-	15 310 610	15 368 970	58 360	13 351 743
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 022 224</b>
<b>Total Revenue - Standard</b>	<b>236 005 130</b>	<b>13 256 084</b>	<b>249 261 214</b>	<b>252 353 073</b>	<b>3 091 859</b>	<b>237 943 602</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE OUTCOME 2015 R
<b>EXPENDITURE</b>						
<b>Governance and administration</b>	<b>65 659 127</b>	<b>7 843 872</b>	<b>73 502 999</b>	<b>71 098 328</b>	<b>(2 404 671)</b>	<b>67 486 814</b>
Executive and council	16 681 986	20 863	16 702 849	15 089 808	(1 613 041)	14 791 488
Budget and treasury office	31 219 268	7 068 815	38 288 083	38 243 727	(44 356)	31 683 844
Corporate services	17 757 873	754 194	18 512 067	17 764 792	(747 275)	21 011 481
<b>Community and public safety</b>	<b>34 964 237</b>	<b>7 535 788</b>	<b>42 500 025</b>	<b>40 603 060</b>	<b>(1 896 965)</b>	<b>50 107 553</b>
Community and social services	12 562 169	45 572	12 607 741	11 760 345	(847 396)	33 015 335
Sport and recreation	8 802 442	231 010	9 033 452	9 311 048	277 596	8 170 225
Public safety	9 958 116	2 863 745	12 821 861	11 638 220	(1 183 641)	8 904 557
Housing	3 641 510	4 395 461	8 036 971	7 893 447	(143 524)	17 437
<b>Economic and environmental services</b>	<b>21 210 405</b>	<b>684 366</b>	<b>21 894 771</b>	<b>21 185 810</b>	<b>(708 961)</b>	<b>12 097 270</b>
Planning and development	8 187 333	(288 077)	7 899 256	7 903 682	4 426	-
Road transport	12 578 075	795 233	13 373 308	12 659 913	(713 395)	11 750 949
Environmental protection	444 997	177 210	622 207	622 216	9	346 320
<b>Trading services</b>	<b>114 762 900</b>	<b>5 193 515</b>	<b>119 956 415</b>	<b>114 958 226</b>	<b>(4 998 189)</b>	<b>100 258 439</b>
Electricity	81 553 184	(1 348 691)	80 204 493	76 313 505	(3 890 988)	65 987 345
Water	13 274 453	1 697 648	14 972 101	14 878 494	(93 607)	14 348 840
Waste water management	7 186 730	1 701 901	8 888 631	8 817 091	(71 540)	8 296 524
Waste management	12 748 533	3 142 657	15 891 190	14 949 136	(942 054)	11 625 731
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 385 093</b>
<b>Total Expenditure - Standard</b>	<b>236 596 669</b>	<b>21 257 541</b>	<b>257 854 210</b>	<b>247 845 425</b>	<b>(10 008 785)</b>	<b>233 335 169</b>
<b>Surplus/(Deficit) for the year</b>	<b>(591 539)</b>	<b>(8 001 457)</b>	<b>(8 592 996)</b>	<b>4 507 648</b>	<b>13 100 644</b>	<b>4 608 433</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>REVENUE</b>						
Executive and Council	13 309 000	(90 920)	13 218 080	13 252 297	34 217	12 873 314
Budget and Treasury Office	55 422 520	1 023 001	56 445 521	60 455 533	4 010 012	48 012 131
Corporate Services	2 740 100	62 000	2 802 100	2 298 934	(503 166)	2 910 189
Community and Social Services	16 696 100	11 433 520	28 129 620	27 332 931	(796 689)	31 066 388
Sport and Recreation	-	-	-	-	-	5 452 220
Public Safety	-	-	-	-	-	5 305 810
Road Transport	-	-	-	-	-	96 482
Electricity	89 511 080	735 783	90 246 863	89 127 681	(1 119 182)	77 394 000
Water	-	-	-	-	-	20 689 753
Waste Water Management	-	-	-	-	-	9 769 347
Waste Management	-	-	-	-	-	13 351 743
Other	-	-	-	-	-	11 022 224
Infrastructure	58 326 330	92 700	58 419 030	59 885 696	1 466 666	-
<b>Total Revenue by Vote</b>	<b>236 005 130</b>	<b>13 256 084</b>	<b>249 261 214</b>	<b>252 353 073</b>	<b>3 091 859</b>	<b>237 943 602</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE D OUTCOME 2015 R
<b>EXPENDITURE</b>						
Executive and Council	16 681 986	20 863	16 702 849	15 089 808	(1 613 041)	14 791 488
Budget and Treasury Office	31 219 268	7 068 815	38 288 083	38 243 727	(44 356)	31 683 844
Corporate Services	23 082 940	572 956	23 655 896	22 758 976	(896 920)	21 011 481
Community and Social Services	35 409 234	7 712 998	43 122 232	41 225 276	(1 896 956)	33 032 771
Sport and Recreation	-	-	-	-	-	8 170 225
Public Safety	-	-	-	-	-	8 904 557
Road Transport	-	-	-	-	-	11 750 949
Electricity	81 553 184	(1 348 691)	80 204 493	76 313 505	(3 890 988)	65 987 345
Water	-	-	-	-	-	14 348 840
Waste Water Management	-	-	-	-	-	8 296 524
Waste Management	-	-	-	-	-	11 625 731
Environmental Protection	-	-	-	-	-	346 320
Other	-	-	-	-	-	3 385 093
Infrastructure	48 650 057	7 230 600	55 880 657	54 214 132	(1 666 525)	-
<b>Total Expenditure by Vote</b>	<b>236 596 669</b>	<b>21 257 541</b>	<b>257 854 210</b>	<b>247 845 425</b>	<b>(10 008 785)</b>	<b>233 335 169</b>
<b>Surplus/(Deficit) for the year</b>	<b>(591 539)</b>	<b>(8 001 457)</b>	<b>(8 592 996)</b>	<b>4 507 648</b>	<b>13 100 644</b>	<b>4 608 433</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>REVENUE BY SOURCE</b>						
Property rates	49 956 020	(57 000)	49 899 020	49 930 979	31 959	42 895 205
Service charges - electricity revenue	86 844 580	(80 000)	86 764 580	85 550 702	(1 213 878)	74 633 381
Service charges - water revenue	20 408 100	(1 276 170)	19 131 930	19 423 737	291 807	19 004 428
Service charges - sanitation revenue	6 687 440	680 680	7 368 120	8 152 157	784 037	6 508 085
Service charges - refuse revenue	11 576 260	270 120	11 846 380	12 141 555	295 175	9 289 661
Rental of facilities and equipment	6 679 600	-	6 679 600	6 391 011	(288 589)	5 981 036
Interest earned - external investments	1 970 000	-	1 970 000	1 906 965	(63 035)	1 848 735
Interest earned - outstanding debtors	800 000	1	800 001	1 168 653	368 652	995 909
Fines	1 835 500	6 815 100	8 650 600	7 307 749	(1 342 851)	3 048 545
Licences and permits	880 000	-	880 000	1 018 906	138 906	1 077 142
Agency services	1 308 500	-	1 308 500	1 520 406	211 906	1 382 248
Transfers recognised - operational	30 989 850	5 922 709	36 912 559	36 456 206	(456 354)	50 234 263
Other revenue	2 605 130	492 000	3 097 130	3 756 059	658 929	3 188 936
Gains on disposal of Properties	-	50 000	50 000	3 631 584	3 581 584	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>222 540 980</b>	<b>12 817 440</b>	<b>235 358 420</b>	<b>238 356 669</b>	<b>2 998 249</b>	<b>220 087 572</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	90 608 382	4 219 744	94 828 126	98 052 336	3 224 210	81 686 677
Remuneration of councillors	3 760 000	-	3 760 000	3 624 961	(135 039)	3 452 005
Debt impairment	3 190 000	4 308 425	7 498 425	8 221 894	723 469	6 000 428
Depreciation & asset impairment	9 789 400	1 479 156	11 268 556	10 670 721	(597 835)	10 127 756
Finance charges	2 883 444	4 798 140	7 681 584	7 635 572	(46 012)	4 730 909
Bulk purchases	72 802 170	(2 750 000)	70 052 170	66 648 287	(3 403 883)	57 446 954
Contracted services	8 480 800	(785 875)	7 694 925	6 190 067	(1 504 858)	8 970 409
Transfers and grants	1 539 000	80 000	1 619 000	1 491 350	(127 650)	1 266 480
Other expenditure	43 543 473	9 907 951	53 451 424	44 961 254	(8 490 170)	59 119 038
Loss on disposal of PPE	-	-	-	348 983	348 983	534 512
<b>Total Expenditure</b>	<b>236 596 669</b>	<b>21 257 541</b>	<b>257 854 210</b>	<b>247 845 425</b>	<b>(10 008 785)</b>	<b>233 335 169</b>
<b>Surplus/(Deficit)</b>	<b>(14 055 689)</b>	<b>(8 440 101)</b>	<b>(22 495 790)</b>	<b>(9 488 755)</b>	<b>13 007 034</b>	<b>(13 247 597)</b>
Transfers recognised - capital	13 464 150	(297 139)	13 167 011	13 196 731	29 720	17 856 030
Contributions Recognised - capital	-	735 783	735 783	733 782	(2 001)	-
Contributed Assets	-	-	-	65 890	65 890	-
<b>Surplus/(Deficit) for the year</b>	<b>(591 539)</b>	<b>(8 001 457)</b>	<b>(8 592 996)</b>	<b>4 507 648</b>	<b>13 100 644</b>	<b>4 608 433</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Community and Social Services	1 200 000	-	1 200 000	1 098 293	(101 707)	-
Sport and Recreation	-	-	-	-	-	107 734
Road Transport	-	-	-	-	-	91 355
Electricity	-	-	-	-	-	538 668
Water	-	-	-	-	-	315 742
Infrastructure	1 350 000	-	1 350 000	1 178 837	(171 163)	-
<b>Total Multi-year expenditure</b>	<b>2 550 000</b>	<b>-</b>	<b>2 550 000</b>	<b>2 277 130</b>	<b>(272 870)</b>	<b>1 053 499</b>
<b>Single-year expenditure</b>						
Executive and Council	-	16 100	16 100	16 029	(71)	71 811
Budget and Treasury Office	27 675	-	27 675	25 287	(2 388)	848 468
Corporate Services	1 566 800	210 520	1 777 320	1 732 505	(44 815)	1 257 994
Community and Social Services	5 770 836	(105 256)	5 665 580	5 567 791	(97 789)	1 362 648
Sport and Recreation	-	-	-	-	-	1 879 482
Public Safety	-	-	-	-	-	22 154
Road Transport	-	-	-	-	-	10 003 032
Electricity	3 330 000	712 783	4 042 783	4 019 936	(22 847)	2 212 750
Water	-	-	-	-	-	164 980
Waste Water Management	-	-	-	-	-	790 250
Waste Management	-	-	-	-	-	36 675 916
Other	-	-	-	-	-	3 412 494
Infrastructure	8 446 104	138 855	8 584 959	7 626 525	(958 434)	-
<b>Total Single-year expenditure</b>	<b>19 141 415</b>	<b>973 002</b>	<b>20 114 417</b>	<b>18 988 074</b>	<b>(1 126 343)</b>	<b>58 701 980</b>
<b>Total Capital Expenditure by Vote</b>	<b>21 691 415</b>	<b>973 002</b>	<b>22 664 417</b>	<b>21 265 204</b>	<b>(1 399 213)</b>	<b>59 755 479</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>	<b>1 594 475</b>	<b>226 620</b>	<b>1 821 095</b>	<b>1 773 822</b>	<b>(47 273)</b>	<b>2 178 273</b>
Executive and council	-	16 100	16 100	16 029	(71)	71 811
Budget and treasury office	27 675	-	27 675	25 287	(2 388)	848 468
Corporate services	1 566 800	210 520	1 777 320	1 732 505	(44 815)	1 257 994
<b>Community and public safety</b>	<b>6 970 836</b>	<b>(105 256)</b>	<b>6 865 580</b>	<b>6 666 084</b>	<b>(199 496)</b>	<b>3 372 018</b>
Community and social services	5 314 966	(471 526)	4 843 440	4 808 783	(34 657)	1 362 648
Sport and recreation	1 348 620	175 110	1 523 730	1 377 242	(146 488)	1 987 216
Public safety	307 250	26 160	333 410	325 374	(8 036)	22 154
Housing	-	165 000	165 000	154 685	(10 315)	-
<b>Economic and environmental services</b>	<b>5 246 104</b>	<b>(282 503)</b>	<b>4 963 601</b>	<b>4 243 325</b>	<b>(720 276)</b>	<b>10 094 387</b>
Road transport	5 246 104	(282 503)	4 963 601	4 243 325	(720 276)	10 094 387
<b>Trading services</b>	<b>7 880 000</b>	<b>1 134 141</b>	<b>9 014 141</b>	<b>8 581 973</b>	<b>(432 168)</b>	<b>40 698 307</b>
Electricity	3 330 000	712 783	4 042 783	4 019 936	(22 847)	2 751 418
Water	240 000	320 260	560 260	337 974	(222 286)	480 722
Waste water management	4 050 000	101 098	4 151 098	3 974 070	(177 028)	790 250
Waste management	260 000	-	260 000	249 993	(10 007)	36 675 916
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 412 494</b>
<b>Total Capital Expenditure - Standard</b>	<b>21 691 415</b>	<b>973 002</b>	<b>22 664 417</b>	<b>21 265 204</b>	<b>(1 399 213)</b>	<b>59 755 479</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	13 244 650	(752 103)	12 492 547	12 474 796	(17 751)	12 614 869
Provincial Government	219 500	454 962	674 462	721 935	47 473	5 241 160
<b>Transfers recognised - capital</b>	<b>13 464 150</b>	<b>(297 141)</b>	<b>13 167 009</b>	<b>13 196 731</b>	<b>29 722</b>	<b>17 856 030</b>
Public contributions & donations	-	743 583	743 583	799 022	55 439	-
Borrowing	2 930 000	144 800	3 074 800	2 573 190	(501 610)	879 600
Internally generated funds	5 297 265	381 760	5 679 025	4 696 261	(982 764)	41 019 850
<b>Total Capital Funding</b>	<b>21 691 415</b>	<b>973 002</b>	<b>22 664 417</b>	<b>21 265 204</b>	<b>(1 399 213)</b>	<b>59 755 479</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CASH FLOWS

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	48 107 770	340 855	48 448 625	48 573 465	124 839	42 485 364
Service charges	120 872 582	667 769	121 540 351	120 075 610	(1 464 741)	106 800 170
Other revenue	12 571 601	3 393 565	15 965 166	9 648 408	(6 316 758)	10 181 212
Government - operating	30 289 850	6 414 413	36 704 263	36 734 956	30 693	46 207 269
Government - capital	13 464 150	(888 843)	12 575 307	13 024 692	449 385	16 525 663
Interest	2 740 402	6 345	2 746 747	3 075 618	328 871	2 844 643
<b>Payments</b>						
Suppliers and employees	(216 531 537)	(8 538 594)	(225 070 132)	(219 578 273)	5 491 858	(203 745 228)
Finance charges	(1 558 250)	1 196 768	(361 482)	(140 796)	220 686	(99 273)
Transfers and Grants	(1 539 000)	(80 000)	(1 619 000)	(1 491 350)	127 650	(1 266 480)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>8 417 569</b>	<b>2 512 277</b>	<b>10 929 845</b>	<b>9 922 329</b>	<b>(1 007 517)</b>	<b>19 933 341</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of Assets	-	50 000	50 000	4 623 333	4 573 333	-
Decrease other non-current receivables	6 000	(1 561)	4 439	28 751	24 311	41 457
<b>Payments</b>						
Capital assets	(21 691 415)	(481 300)	(22 172 715)	(21 054 514)	1 118 201	(22 424 661)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(21 685 415)</b>	<b>(432 861)</b>	<b>(22 118 276)</b>	<b>(16 402 430)</b>	<b>5 715 846</b>	<b>(22 383 204)</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CASH FLOWS

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	2 930 000	-	2 930 000	2 428 390	(501 610)	-
Increase (decrease) in consumer deposits	272 861	34 726	307 588	163 236	(144 352)	201 838
<b>Payments</b>						
Repayment of borrowing	(478 376)	(429 748)	(908 124)	(561 819)	346 305	(325 085)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>2 724 485</b>	<b>(395 022)</b>	<b>2 329 463</b>	<b>2 029 807</b>	<b>(299 657)</b>	<b>(123 247)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(10 543 361)</b>	<b>1 684 395</b>	<b>(8 858 967)</b>	<b>(4 450 294)</b>	<b>4 408 672</b>	<b>(2 573 109)</b>
Cash/cash equivalents at the year begin:	12 725 667	6 108 425	18 834 092	18 834 092	-	21 407 202
Cash/cash equivalents at the year end:	2 182 305	7 792 819	9 975 125	14 383 798	4 408 673	18 834 092
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(10 543 361)</b>	<b>1 684 395</b>	<b>(8 858 967)</b>	<b>(4 450 294)</b>	<b>4 408 672</b>	<b>(2 573 109)</b>