

Matzikama
MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2014

MATZIKAMA MUNICIPALITY

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MATZIKAMA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

Matzikama Municipality is a local municipality performing the functions as set out in the Constitution of the Republic of South Africa.

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998) and are classified as a medium capacity municipality.

JURISDICTION

The Matzikama Municipality includes the following areas:

Vredendal
Vanrhynsdorp
Klawer
Koekenaap
Lutzville
Ebenhaezer
Strandfontein
Doringbaai
Bitterfontein
Nuwerus
Stofkraal
Molsvlei
Rietpoort
Kliprand

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	<i>J BOTHA</i>
Deputy Executive Mayor	<i>DS GOEDEMAN</i>
Executive Councillor	<i>F BAM</i>
Executive Councillor	<i>C VAN DER WESTRUIS</i>
Executive Councillor	<i>MC WITBOOI</i>
Speaker	<i>WH NELL</i>
Councillor	<i>PG BOK</i>
Councillor	<i>R STEPHAN</i>
Councillor	<i>B WIES (resigned 25/11/2013)</i>
Councillor	<i>Y CLOETE</i>
Councillor	<i>A SINDYAMBA</i>
Councillor	<i>AGM JULIES</i>
Councillor	<i>IF JULIES (died 24/02/2014)</i>
Councillor	<i>B JULIES</i>
Councillor	<i>EL MQINGQI</i>
Councillor	<i>DD JENNER (resigned 08/07/2013)</i>
Councillor	<i>W FORTUIN</i>
Councillor	<i>MJ SMITH</i>

ACTING MUNICIPAL MANAGER

M A C BOLTON

CHIEF FINANCIAL OFFICER

M A C BOLTON

REGISTERED OFFICE

37 Church Street, Vredendal, 8160

AUDITORS

Auditor-General, Private Bag X1, Chempet, 7442

PRINCIPLE BANKERS

ABSA Bank

ATTORNEYS

Swanepoel and Swanepoel Prokureurs
Koos Coetzee Prokureurs
Downing en Engelbrecht Prokureurs
Peru Du Toit Prokureurs
Bradley Conradie Prokureurs
WeberWentzel Prokureurs

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

MATZIKAMA MUNICIPALITY

MEMBERS OF THE MATZIKAMA MUNICIPALITY

COUNCILLORS

1	F BAM
2	DS GOEDEMAN
3	EL MQINGQI
4	PG BOK
5	G STEPHAN
6	B JULIES
7	A SINDYAMBA
8	C VAN DER WESTRUIS
Proportional	WH NELL
Proportional	MC WITBOOI
Proportional	Y CLOETE
Proportional	AGM JULIES
Proportional	J BOTHA
Proportional	MJ SMITH
Proportional	W FORTUIN

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2014, which are set out on pages 1 to 70 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 2015 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.

M A C BOLTON
Acting Municipal Manager

Date

MATZIKAMA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R	Restated 2013 R
NET ASSETS AND LIABILITIES			
Net Assets		364 844 048	338 631 847
Accumulated Surplus/(Deficit)		364 844 048	338 631 847
Revaluation Reserve		-	-
Non-Current Liabilities		94 916 064	97 045 818
Long-term Liabilities	2	34 528 602	40 583 320
Employee benefits	3	24 235 686	21 332 882
Non-Current Provisions	4	36 151 776	35 129 617
Current Liabilities		44 220 088	48 222 530
Consumer Deposits	5	3 085 973	2 821 386
Current Employee benefits	6	7 400 788	6 748 912
Payables from exchange transactions	7	19 628 944	30 248 394
Unspent Conditional Government Grants and Receipts	8	6 338 933	1 980 364
Taxes	9	1 002 209	-
Current Portion of Long-term Liabilities	2	6 013 185	6 423 474
Cash and Cash Equivalents	18	750 056	-
Total Net Assets and Liabilities		503 980 201	483 900 197
ASSETS			
Non-Current Assets		471 780 864	454 320 888
Property, Plant and Equipment	10	410 921 586	397 096 948
Investment Property	11	60 275 150	56 490 950
Intangible Assets	12	424 160	474 324
Long-Term Receivables	13	159 969	258 666
Current Assets		32 199 336	29 579 308
Inventory	14	474 040	1 104 583
Receivables from exchange transactions	15	23 479 480	19 886 897
Receivables from non-exchange transactions	16	4 406 732	3 867 434
Unpaid Conditional Government Grants and Receipts	8	-	481 470
Taxes	9	-	1 248 175
Operating Lease Asset	17	34 401	35 474
Current Portion of Long-term Receivables	13	355 785	636 520
Cash and Cash Equivalents	18	3 448 899	2 318 756
Total Assets		503 980 201	483 900 197

MATZIKAMA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	Restated 2013 R	Correction of error R	Previously reported 2013 R
REVENUE					
Revenue from Non-exchange Transactions		106 649 544	134 688 187	(383 968)	135 072 154
Taxation Revenue		29 351 335	26 714 399	-	26 714 399
Property taxes	19	29 351 335	26 714 399	-	26 714 399
Transfer Revenue		72 592 936	95 674 994	-	95 674 992
Government Grants and Subsidies - Capital	20	27 593 336	47 287 055	-	47 287 053
Government Grants and Subsidies - Operating	20	44 999 600	48 387 939	-	48 387 939
Other Revenue		4 705 273	12 298 794	(383 968)	12 682 762
Actuarial Gains	3	-	1 085 869	-	1 085 869
Fines		1 710 830	1 641 725	62 782	1 578 943
Fair Value adjustments	23	2 994 444	9 571 200	(446 750)	10 017 950
Revenue from Exchange Transactions		120 798 241	106 712 418	710 613	106 001 803
Service Charges	21	108 913 538	96 120 708	-	96 120 707
Rental of Facilities and Equipment	24	2 626 345	2 977 279	-	2 977 279
Interest Earned - external investments		231 240	218 143	-	218 143
Interest Earned - outstanding debtors	25	2 074 946	1 650 222	-	1 650 222
Licences and Permits		1 066 966	941 079	-	941 079
Agency Services		2 073 785	1 780 197	-	1 780 197
Reversal of Impairment Loss	30	23 019	-	-	-
Other Income	22	2 828 705	3 024 790	710 613	2 314 177
Gain on disposal of Property, Plant and Equipment		959 697	-	-	0
Total Revenue		227 447 785	241 400 604	326 645	241 073 957
EXPENDITURE					
Employee related costs	26	74 310 562	70 019 099	168 197	69 850 902
Remuneration of Councillors	27	5 301 393	4 640 726	-	4 640 726
Debt Impairment	28	5 149 364	3 612 340	-	3 612 340
Collection Costs		121 567	240 883	-	240 883
Depreciation and Amortisation	29	11 520 591	12 647 326	(23 604)	12 670 930
Impairment Loss	30	-	62 958	-	62 958
Repairs and Maintenance	32	11 772 335	12 661 558	-	12 661 558
Actuarial losses	3	970 426	25 071	-	25 071
Finance Charges	31	7 663 069	8 018 687	-	8 018 687
Bulk Purchases	33	66 828 936	59 705 727	-	59 705 727
Contracted services		2 310 525	2 774 261	-	2 774 261
Grants and Subsidies	34	880 051	836 358	-	836 358
General Expenses	35	14 808 249	21 566 464	-	21 566 464
Loss on disposal of Property, Plant and Equipment		607 916	4 670 100	902 373	3 767 727
Total Expenditure		202 244 984	201 481 559	1 046 966	200 434 594
NET SURPLUS/(DEFICIT) FOR THE YEAR		25 202 801	39 919 045	(720 321)	40 639 363

MATZIKAMA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Housing Development Fund R	Capital Replacement Reserve R	Revaluation Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2012	47 049	-	-	295 742 295	295 789 344
Correction of errors: note 37.01	-	-	-	2 923 461	2 923 461
Restated Balance at 30 JUNE 2012	47 049			298 665 756	298 712 805
Net Surplus for the year	-	-	-	39 919 042	39 919 042
Transfer to Housing Development Fund	(47 049)	-	-	47 049	-
Restated Balance at 30 JUNE 2013	-	-	-	338 631 847	338 631 847
Net Surplus for the year	-	-	-	25 202 801	25 202 801
Transfer to / (from) CRR	-	1 171 425	-	(1 171 425)	-
Revaluation reserve of Property, Plant and Equipment	-	-	1 009 400	-	1 009 400
Transfer to Accumulated Surplus	-	-	(1 009 400)	1 009 400	-
Property, Plant and Equipment purchased	-	(1 171 425)	-	1 171 425	-
Balance at 30 JUNE 2014	-	-	-	364 844 048	364 844 048

MATZIKAMA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	Restated 2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		141 923 657	126 013 732
Government Grants		77 432 975	91 221 736
Interest		2 306 186	1 868 365
Payments			
Suppliers and employees		(184 284 998)	(162 056 961)
Transfers and Grants		(880 051)	(836 358)
Finance charges	31	(6 009 090)	(6 436 578)
Net Cash from Operating Activities	37	30 488 678	49 773 935
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	10	(26 968 362)	(45 174 186)
Proceeds on Disposal of Fixed Assets		2 261 872	514 397
Decrease in Long-term Receivables		798 320	418 968
Net Cash from Investing Activities		(23 908 170)	(44 240 821)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Long-term Liabilities		(6 465 007)	(7 863 704)
Increase in Consumer Deposits		264 587	114 773
Net Cash from Financing Activities		(6 200 422)	(7 748 929)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		380 086	(2 215 814)
Cash and Cash Equivalents at the beginning of the year		2 318 756	4 534 570
Cash and Cash Equivalents at the end of the year	38	2 698 842	2 318 756
NET(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		380 086	(2 215 814)

MATZIKAMA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO THE FINAL BUDGET
(BUDGET ON ACCRUAL BASIS)

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances (larger than 10%)
ASSETS				
Current assets				
Cash	3 448 899	2 954 257	494 641	
Call investment deposits			-	
Consumer debtors	27 886 212	23 504 890	4 381 322	Consumer debtors were anticipated to be less due to strict debt control measures, this was not the case at year end
Other Receivables	34 401	1 765 118	(1 730 717)	Budgeted amount included VAT receivable, but at year end VAT was payable
Current portion of long-term receivables	355 785	636 520	(280 735)	Housing scheme loans still awaiting approval for write-off. During revised budget process the total outstanding amount were viewed as current
Inventory	474 040	2 056 210	(1 582 170)	Decrease in inventory due to sale of land, and reduction of watermeters held as inventory
Total current assets	32 199 336	30 916 996	1 282 340	
Non current assets				
Long-term receivables	159 969	-	159 969	Budget did not make provision for Housing Scheme Loans - awaiting approval for write off from provincial government
Investments	-		-	
Investment property	60 275 150	55 085 250	5 189 900	
Property, plant and equipment	410 921 586	425 189 253	(14 267 667)	
Biological Assets	-		-	
Intangible Assets	424 160	1 002 177	(578 017)	Decrease due to reprioritizing of grant funded project with approval from PT, and intangible assets written off
Heritage Assets	-		-	
Total non current assets	471 780 864	481 276 680	(9 495 816)	
TOTAL ASSETS	503 980 201	512 193 676	(8 213 475)	
LIABILITIES				
Current liabilities				
Bank overdraft	750 056	-	750 056	No actual overdraft on bank statement but equal to accounts payable after 30 June
Borrowing	6 013 185	6 423 474	(410 290)	
Consumer deposits	3 085 973	2 990 669	95 304	
Trade and other payables	26 970 086	32 192 731	(5 222 645)	Creditors at year end lower than anticipated during budget process
Provisions and Employee Benefits	7 400 788	7 153 847	246 941	
Total current liabilities	44 220 088	48 760 721	(4 540 633)	
Non current liabilities				
Borrowing	34 528 602	34 583 320	(54 717)	
Non-Current Provisions	60 387 462	61 850 248	(1 462 786)	
Total non current liabilities	94 916 064	96 433 568	(1 517 504)	
TOTAL LIABILITIES	139 136 153	145 194 289	(6 058 137)	
NET ASSETS	364 844 048	366 999 386	(2 155 338)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	364 844 048	366 999 386	(2 155 338)	
Reserves	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	364 844 048	366 999 386	(2 155 338)	

MATZIKAMA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET
(BUDGET ON ACCRUAL BASIS)

	2014 R	2014 R	2014 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Explanations for material variances (larger than 10%)
ASSETS				
Current assets				
Cash	-	2 954 257	2 954 257	Expenditure were decreased during revised budget process to improve available cash
Call investment deposits	-	-	-	
Consumer debtors	21 151 140	2 353 750	23 504 890	Consumer debtors were brought in line with 2013 actual performance plus the increase in service charges and growth
Other Receivables	993 317	771 801	1 765 118	Other receivables were brought in line with 2013 actual performance plus the increase in service charges and growth
Current portion of long-term receivables	562 652	73 868	636 520	Other receivables were brought in line with 2013 actuals
Inventory	1 300 000	756 210	2 056 210	Inventory was brought in line with 2013 actuals
Total current assets	24 007 109	6 909 887	30 916 996	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	37 235 800	17 849 450	55 085 250	Investment Property was brought in line with 2013 actuals - Fair value adjustment not budgeted for originally
Property, plant and equipment	437 589 307	(12 400 054)	425 189 253	
Biological Assets	-	-	-	
Intangible Assets	3 689 777	(2 687 600)	1 002 177	less capital additions budgeted due to cash flow constraints
Heritage Assets	-	-	-	
Total non current assets	478 514 884	2 761 796	481 276 680	
TOTAL ASSETS	502 521 993	9 671 683	512 193 676	
LIABILITIES				
Current liabilities				
Bank overdraft	14 616 557	(14 616 557)	-	Expenditure were decreased during revised budget process to improve available cash
Borrowing	5 874 748	548 726	6 423 474	
Consumer deposits	3 111 585	(120 915)	2 990 669	
Trade and other payables	33 908 769	(1 716 038)	32 192 731	
Provisions and Employee Benefits	7 508 656	(354 809)	7 153 847	
Total current liabilities	65 020 316	(16 259 594)	48 760 721	During revised budget process a positive bank balance were anticipated for year end
Non current liabilities				
Borrowing	42 998 897	(8 415 577)	34 583 320	Long term liabilities were brought in line with 2013 actuals minus the short term portion
Provisions and Employee Benefits	62 945 900	(1 095 651)	61 850 248	
Total non current liabilities	105 944 796	(9 511 228)	96 433 568	
TOTAL LIABILITIES	170 965 112	(25 770 822)	145 194 289	Due to decrease in borrowing, the overall total of liabilities decreased
NET ASSETS	331 556 882	35 442 505	366 999 386	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	331 556 881	35 442 505	366 999 386	Due to increase in surplus budgeted in operating budget, and decrease in capital budget amongst others - surplus increased
Reserves	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	331 556 881	35 442 505	366 999 386	

MATZIKAMA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO ADJUSTMENT BUDGET
(BUDGET ON ACCRUAL BASIS)

	2014 R (Actual)	2014 R (Adjustment Budget)	2014 R (Variance)	Explanations for material variances (larger than 10%)
REVENUE BY SOURCE				
Property rates	(29 351 335)	(29 024 659)	(326 675)	
Property rates - penalties & collection charges		-	-	
Service charges	(108 913 538)	(107 302 085)	(1 611 454)	
Rental of facilities and equipment	(2 626 345)	(3 337 010)	710 665	Mainly due to Strandfontein resort under performing on revenue budgeted
Interest earned - external investments	(231 240)	(190 000)	(41 240)	Interest earned higher than anticipated
Interest earned - outstanding debtors	(2 074 946)	(1 800 000)	(274 946)	Strict debt collection methods were implemented, interest charged more than budgeted
Dividends received		-	-	
Fines	(1 710 830)	(1 496 500)	(214 330)	
Licences and permits	(1 066 966)	(1 671 789)	604 823	Licence fees income were less than anticipated
Agency services	(2 073 785)	(2 000 000)	(73 785)	
Government Grants and Subsidies - Operating	(44 999 600)	(44 716 000)	(283 600)	
Other income	(5 846 167)	(1 954 980)	(3 891 187)	Fair value adjustments not budgeted for on First time recognition assets
Gain on disposal of Property, Plant and Equipment	(959 697)	(5 000 000)	4 040 303	Total revenue was budgeted, not the nett profit on sale of PPE
Total Operating Revenue	(199 854 449)	(198 493 023)	(1 361 426)	
EXPENDITURE BY TYPE				
Employee Related Costs	74 310 562	76 130 087	(1 819 525)	
Remuneration of councillors	5 301 393	5 446 572	(145 179)	
Debt impairment	5 149 364	6 000 000	(850 636)	Actual expenditure was lower than anticipated, budget were in line with actual 2013/14
Depreciation and Amortisation	11 520 591	12 670 930	(1 150 339)	
Finance charges	7 663 069	7 992 081	(329 012)	
Bulk purchases	66 828 936	67 419 068	(590 132)	
Other materials	-	-	-	
Contracted services	2 310 525	160 000	2 150 525	Financial Contract services budgeted incorrectly under general expenses
Grants and Subsidies	880 051	922 000	(41 949)	
General Expenses	27 672 577	32 054 196	(4 381 619)	General expenditure items where were reduced in line with revenue generation capacity
Loss on disposal of Property, Plant and Equipment	607 916	-	607 916	Write-off of other assets were not budgeted for
Total Operating Expenditure	202 244 984	208 794 934	-6 549 949	
Operating (Surplus)/Deficit for the year	2 390 535	10 301 911	(7 911 375)	
Government Grants and Subsidies - Capital	(27 593 336)	(40 872 590)	13 279 254	Underspending of MIG and Housing grant projects
Net (Surplus)/Deficit for the year	(25 202 801)	(30 570 679)	5 367 878	

MATZIKAMA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET
(BUDGET ON ACCRUAL BASIS)

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material variances (larger than 10%)
REVENUE BY SOURCE				
Property rates	(30 260 765)	1 236 106	(29 024 659)	
Property rates - penalties & collection charges		-	-	
Service charges	(104 690 325)	(2 611 760)	(107 302 085)	
Rental of facilities and equipment	(3 000 110)	(336 900)	(3 337 010)	Past performance proved higher anticipated revenue during peak season
Interest earned - external investments	(50 000)	(140 000)	(190 000)	Interest earned on positive bank balance more than originally anticipated
Interest earned - outstanding debtors	(1 500 000)	(300 000)	(1 800 000)	Budget was adjusted to be in line with actuals at year end
Dividends received	-	-	-	
Fines	(2 496 500)	1 000 000	(1 496 500)	Speed camera fines budget was adjusted, contract ended with service provider
Licences and permits	(1 640 500)	(31 289)	(1 671 789)	
Agency services	(2 000 000)	-	(2 000 000)	
Government Grants and Subsidies - Operating	(44 552 000)	(164 000)	(44 716 000)	
Other revenue	(1 252 880)	(702 100)	(1 954 980)	Realistical anticipated revenue were budgeted for
Gains on disposal of PPE	(5 000 000)	-	(5 000 000)	
Total Operating Revenue	(196 443 080)	(2 049 943)	-198 493 023	
EXPENDITURE BY TYPE				
Employee related costs	76 373 587	(243 500)	76 130 087	
Remuneration of councillors	5 236 600	209 972	5 446 572	
Debt impairment	6 000 000	-	6 000 000	
Depreciation & asset impairment	15 688 717	(3 017 787)	12 670 930	Depreciation adjusted to be in line with actual audited 2013 figures
Finance charges	6 247 939	1 744 142	7 992 081	Finance charges on landfill site was not budgeted for originally
Bulk purchases	66 319 068	1 100 000	67 419 068	
Other materials	-	-	-	
Contracted services	-	160 000	160 000	Speed Camera contractor after agreement was settled during the year
Grants and subsidies paid	725 000	197 000	922 000	Tourism Contribution adjusted to be in line with contract
Other expenditure	36 062 400	(4 008 204)	32 054 196	Expenditure were reduced in line with cash performance for rest of year
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	212 653 311	(3 858 377)	208 794 934	
Operating (Surplus)/Deficit for the year	16 210 231	(5 908 320)	10 301 911	
Government Grants and Subsidies - Capital	(52 123 000)	11 250 410	(40 872 590)	Prov allocation for Housing grant were taken out, transfers made directly to contractor by province
Net (Surplus)/Deficit for the year	(35 912 769)	5 342 090	(30 570 679)	

MATZIKAMA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET
(BUDGET ON ACCRUAL BASIS)

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances (larger than 10%)
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	141 923 657	145 763 443	(3 839 787)	
Government - operating	49 839 639	44 947 639	4 892 000	The appropriations between capital and operational in the budget was incorrect
Government - capital	27 593 336	40 872 590	(13 279 254)	Due to underspending of MIG and Housing grants - roll over will be requested
Interest	2 306 186	190 000	2 116 186	Interest levied on outstanding debtors not budgeted accurately
Dividends	-	-	-	
Payments				
Suppliers and Employees	(184 284 998)	(187 200 064)	2 915 066	
Finance charges	(6 009 090)	(6 156 287)	147 197	Actual interest on post employment benefits and landfill site more than budgeted
Transfers and Grants	(880 051)	(922 000)	41 949	
NET CASH FROM/(USED) OPERATING ACTIVITIES	30 488 678	37 495 321	(7 006 643)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	2 261 872	5 000 000	(2 738 128)	Tender processes taking longer than anticipated, new tender in June 2014 for sale of land.
Decrease (Increase) in non-current debtors	798 320	-	798 320	Budget did not include receipts from non-current debtors, as past experience shows low collection rate on
Decrease/(increase) in non-current receivables	-	(73 868)	73 868	Budgeted incorrectly for long term receivables.
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(26 968 362)	(43 123 790)	16 155 428	Underspending of MIG and Housing projects in the main
NET CASH FROM/(USED) INVESTING ACTIVITIES	(23 908 170)	(38 197 658)	14 289 488	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	264 587	(120 915)	385 502	Consumer deposits greater than anticipated during budget process
Payments				
Repayment of borrowing	(6 465 007)	(7 866 851)	1 401 844	Repayment is lower than anticipated . Originally budgeted according to DBSA run-off statements.
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 200 420)	(7 987 766)	1 787 346	
NET INCREASE/(DECREASE) IN CASH HELD	380 088	(8 690 103)	9 070 191	
Cash and Cash Equivalents at the beginning of the year	2 318 756	11 644 361	(9 325 605)	
Cash and Cash Equivalents at the end of the year	2 698 842	2 954 257	(255 415)	

MATZIKAMA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET
(BUDGET ON ACCRUAL BASIS)

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material variances (larger than 10%)
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	143 092 396	2 671 047	145 763 443	
Government - operating	44 552 000	395 639	44 947 639	
Government - capital	52 123 000	(11 250 410)	40 872 590	Housing grant projects were adjusted, amounts to be paid directly to contractors. Not municipal assets
Interest	1 550 000	(1 360 000)	190 000	Budget was adjusted to be in line with actuals ytd
Dividends				
Payments				
Suppliers and Employees	(182 351 119)	(4 848 945)	(187 200 064)	
Finance charges	(6 247 939)	91 652	(6 156 287)	
Transfers and Grants	(725 000)	(197 000)	(922 000)	Budget were adjusted to include total Tourism contribution according to the contract
NET CASH FROM/(USED) OPERATING ACTIVITIES	51 993 338	(14 498 017)	37 495 321	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	5 000 000	-	5 000 000	
Decrease (Increase) in non-current debtors	562 584	(562 584)	-	Budgeted amount brought in line with actuals 2013
Decrease/(increase) in non-current receivables	-	(73 868)	(73 868)	Budgeted amount brought in line with actuals 2014
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(59 253 000)	16 129 210	(43 123 790)	Due to cash flow constraints own funded projects were reduced accordingly
NET CASH FROM/(USED) FINANCING ACTIVITIES	(53 690 416)	15 492 758	(38 197 658)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	8 130 000	(8 130 000)	-	No further borrowing was taken up
Increase/(decrease) in consumer deposits	256 920	(377 835)	(120 915)	Budgeted amount brought in line with actuals 2013
Payments				
Repayment of borrowing	(6 236 444)	(1 630 407)	(7 866 851)	Repayment of borrowing were brought in line with 3rd party statements
NET CASH FROM/(USED) FINANCING ACTIVITIES	2 150 476	(10 138 242)	(7 987 766)	
NET INCREASE/(DECREASE) IN CASH HELD	453 398	(9 143 501)	(8 690 103)	
Cash and Cash Equivalents at the beginning of the year	(15 069 955)	26 714 316	11 644 361	Expenditure was cut and strict budget controls put in place to improve cash flow position of municipality
Cash and Cash Equivalents at the end of the year	(14 616 557)	17 570 815	2 954 257	Expenditure was cut and strict budget controls put in place to improve cash flow position of municipality

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value

	COST								Accumulated Depreciation and Impairment Losses					Carrying Value	
	Opening Balance	Additions	Revaluation	Under Construction	Transfers from/to inventory	Disposals	Impairments	Closing Balance	Opening Balance	Depreciation Charge	Transfers	Disposals	Impairments		Closing Balance
	R	R		R	R	R		R	R	R		R	R		R
Land and Buildings	41 753 309	526 890	908 000	-	(993 187)	-	-	42 195 012	1 997 054	309 207	-	-	-	2 306 261	39 888 751
Land	12 360 020	100 000	908 000	-	(993 187)	-	-	12 374 833	-	-	-	-	-	-	12 374 833
Buildings	29 393 289	426 890	-	-	-	-	-	29 820 179	1 997 054	309 207	-	-	-	2 306 261	27 513 918
Infrastructure	341 199 115	19 391 682	-	1 884 209	-	(166 625)	-	362 308 380	87 322 000	8 613 279	-	-	(23 019)	95 912 259	266 396 121
Storm water and Roads	74 753 000	7 339 597	-	1 884 209	-	-	-	83 976 805	19 099 597	2 341 685	-	-	-	21 441 282	62 535 523
Sewerage	149 222 926	3 678 009	-	-	-	-	-	152 900 935	20 930 937	3 325 344	-	-	-	24 256 281	128 644 654
Electricity	38 711 847	1 900 946	-	-	-	-	-	40 612 793	9 488 499	1 251 170	-	-	-	10 739 669	29 873 124
Water	64 656 722	6 414 344	-	-	-	-	-	71 071 067	26 368 584	1 476 983	-	-	-	27 845 566	43 225 500
Solid Waste Disposal	199 887	-	-	-	-	-	-	199 887	66 606	12 116	-	-	-	78 723	121 164
Landfill Sites	13 654 733	58 786	-	-	-	(166 625)	-	13 546 894	11 367 776	205 981	-	-	(23 019)	11 550 738	1 996 156
Community Assets	91 583 388	2 537 711	101 400	2 583 354	(1 184 400)	(15 000)	-	95 606 453	3 577 586	492 214	-	-	-	4 069 800	91 536 653
Parks and Gardens	22 794 180	-	101 400	-	(1 184 400)	(15 000)	-	21 696 180	47 373	12 386	-	-	-	59 759	21 636 421
Libraries	880 861	101 670	-	-	-	-	-	982 531	101 378	9 983	-	-	-	111 361	871 170
Recreation Grounds	33 812 600	2 436 041	-	2 583 354	-	-	-	38 831 996	1 625 808	187 521	-	-	-	1 813 329	37 018 667
Taxi Ranks & Parking Areas	5 252 500	-	-	-	-	-	-	5 252 500	64 590	10 808	-	-	-	75 398	5 177 102
Cemeteries	680 500	-	-	-	-	-	-	680 500	1 260	210	-	-	-	1 470	679 030
Community Buildings	28 162 746	-	-	-	-	-	-	28 162 746	1 737 176	271 307	-	-	-	2 008 483	26 154 263
Other Assets	25 289 878	103 303	-	-	-	(1 107 224)	-	24 285 958	9 832 101	2 055 726	-	(701 933)	-	11 185 895	13 100 062
Office Equipment	3 890 342	3 509	-	-	-	(432 939)	-	3 460 912	1 738 343	320 457	-	(253 406)	-	1 805 393	1 655 519
Motor vehicles	18 835 255	-	-	-	-	(494 670)	-	18 340 585	7 004 418	1 503 717	-	(327 821)	-	8 180 314	10 160 271
Plant & Equipment	2 390 597	-	-	-	-	(173 351)	-	2 217 245	1 041 016	208 006	-	(117 922)	-	1 131 100	1 086 146
Computer equipment	173 684	99 794	-	-	-	(6 264)	-	267 215	48 324	23 546	-	(2 783)	-	69 088	198 127
	499 825 690	22 559 586	1 009 400	4 467 563	(2 177 587)	(1 288 849)	-	524 395 803	102 728 740	11 470 426	-	(701 933)	(23 019)	113 474 215	410 921 588

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

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

	2014 R	2015 R	2016 R
Increase / (Decrease) in depreciation on other assets for the year	460 863	-	-
Increase / (Decrease) in depreciation on infrastructure assets for the year	(48 565)	(9 865)	2 460
	412 299	(9 865)	2 460

The change in accounting estimate for Other assets in 2015 and 2016 can not be accurately calculated, as it is impractical to determine the change in residual values.

MATZIKAMA MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2013

Reconciliation of Carrying Value

	COST							Accumulated Depreciation and Impairment Losses					Carrying Value		
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Impairments	Closing Balance	Opening Balance	Depreciation Charge	Transfers	Disposals	Impairments		Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R		R	
Land and Buildings	41 292 054	461 255	-	-	-	-	41 753 309	1 696 307	300 747	-	-	-	1 997 054	39 756 255	
Land	12 360 020	-	-	-	-	-	12 360 020	-	-	-	-	-	-	12 360 020	
Balance previously reported	11 556 220	-	-	-	-	-	11 556 220	-	-	-	-	-	-	11 556 220	
Correction of error - see note 36.01(n)	803 800	-	-	-	-	-	803 800	-	-	-	-	-	-	803 800	
Buildings	28 932 034	461 255	-	-	-	-	29 393 289	1 696 307	300 747	-	-	-	1 997 054	27 396 235	
Balance previously reported	28 131 074	461 255	-	-	-	-	28 592 329	1 656 299	292 821	-	-	-	1 949 120	26 643 209	
Correction of error - see note 36.01(n - p)	801 460	-	-	-	-	-	801 460	40 073	7 926	-	-	-	47 999	753 461	
Correction of error - see note 36.01(q)	(500)	-	-	-	-	-	(500)	(65)	-	-	-	-	(65)	(435)	
Infrastructure	297 364 926	17 318 698	-	26 413 162	800 000	(697 671)	341 199 115	77 892 969	9 232 739	133 333	-	-	62 958	87 322 000	253 877 116
Storm water and Roads	67 619 877	7 133 123	-	-	-	-	74 753 000	17 009 425	2 090 173	-	-	-	19 099 597	55 653 402	
Sewerage	115 998 778	6 810 986	-	26 413 162	-	-	149 222 926	17 882 270	3 048 667	-	-	-	20 930 937	128 291 989	
Electricity	36 654 741	1 257 106	-	-	800 000	-	38 711 847	8 214 919	1 140 246	133 333	-	-	9 488 499	29 223 348	
Water	62 539 240	2 117 483	-	-	-	-	64 656 722	24 940 586	1 427 998	-	-	-	26 368 584	38 288 139	
Solid Waste Disposal	199 887	-	-	-	-	-	199 887	54 490	12 116	-	-	-	66 606	133 281	
Landfill Sites	14 352 404	-	-	-	-	(697 671)	13 654 733	9 791 280	1 513 539	-	-	62 958	11 367 776	2 286 957	
Balance previously reported	14 352 404	-	-	-	-	(505 911)	13 846 493	9 791 280	1 513 539	-	-	62 958	11 367 776	-	
Correction of error see note 36.01(a+b)	-	-	-	-	-	(191 760)	(191 760)	-	-	-	-	-	-	-	
Community Assets	90 920 047	-	-	663 340	-	-	91 583 388	3 075 309	502 276	-	-	-	3 577 586	88 005 802	
Parks and Gardens	22 794 180	-	-	-	-	-	22 794 180	34 986	12 386	-	-	-	47 373	22 746 808	
Balance previously reported	23 339 480	-	-	-	-	-	23 339 480	34 986	12 386	-	-	-	47 373	23 292 108	
Correction of error- see note 36.01(r)	(545 300)	-	-	-	-	-	(545 300)	-	-	-	-	-	-	(545 300)	
Libraries	880 861	-	-	-	-	-	880 861	91 407	9 971	-	-	-	101 378	779 483	
Recreation Grounds	33 149 260	-	-	663 340	-	-	33 812 600	1 428 209	197 599	-	-	-	1 625 808	32 186 792	
Balance previously reported	31 925 260	-	-	663 340	-	-	32 588 600	1 427 009	197 299	-	-	-	1 624 308	30 964 292	
Correction of error see note 36.01 (s - u)	1 224 000	-	-	-	-	-	1 224 000	1 200	300	-	-	-	1 500	1 222 500	
Taxi Ranks and Parking Areas	5 252 500	-	-	-	-	-	5 252 500	53 787	10 803	-	-	-	64 590	5 187 910	
Balance previously reported	5 187 500	-	-	-	-	-	5 187 500	52 875	10 575	-	-	-	63 450	5 124 050	
Correction of error see note 36.01 (s - u)	65 000	-	-	-	-	-	65 000	912	228	-	-	-	1 140	63 860	
Cemeteries	680 500	-	-	-	-	-	680 500	1 050	210	-	-	-	1 260	679 240	
Community Buildings	28 162 746	-	-	-	-	-	28 162 746	1 465 870	271 307	-	-	-	1 737 176	26 425 570	
Other Assets	36 321 151	317 731	-	-	(800 000)	(10 549 003)	25 289 878	12 768 542	2 561 399	(133 333)	(5 364 506)	-	9 832 101	15 457 777	
Office Equipment	7 241 555	142 561	-	-	-	(3 493 774)	3 890 342	2 939 278	646 721	-	(1 847 656)	-	1 738 343	2 152 000	
Balance previously reported	7 176 379	142 561	-	-	-	(3 493 774)	3 825 167	2 917 582	642 785	-	(1 847 656)	-	1 712 711	2 112 456	
Correction of error see note 36.01(g - i)	65 176	-	-	-	-	-	65 176	21 696	3 936	-	-	-	25 632	39 544	
Motor vehicles	21 335 860	131 602	-	-	-	(2 632 207)	18 835 255	6 767 676	1 204 131	-	(967 389)	-	7 004 418	11 830 837	
Plant & Equipment	7 524 576	34 473	-	-	(800 000)	(4 368 452)	2 390 597	3 030 056	680 585	(133 333)	(2 536 292)	-	1 041 016	1 349 581	
Balance previously reported	7 507 615	34 473	-	-	(800 000)	(4 368 452)	2 373 636	3 024 466	679 569	(133 333)	(2 536 292)	-	1 034 409	1 339 226	
Correction of error see note 36.01(g - i)	16 961	-	-	-	-	-	16 961	5 590	1 016	-	-	-	6 606	10 354	
Computer equipment	219 160	9 095	-	-	-	(54 571)	173 684	31 531	29 962	-	-13 169	-	48 324	125 360	
Balance previously reported	208 312	9 095	-	-	-	(54 571)	162 836	26 118	29 059	-	-13 169	-	42 008	120 827	
Correction of error see note 36.01(g - i)	10 849	-	-	-	-	-	10 849	5 413	903	-	-	-	6 316	4 533	
	465 898 179	18 097 685	-	27 076 502	-	(11 246 675)	499 825 690	95 433 127	12 597 161	-	(5 364 506)	62 958	102 728 740	397 096 950	

APPENDIX A
MATZIKAMA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Loan Number	Redeemable		Balance at 30 JUNE 2013	Balance at 30 JUNE 2013 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2014
ANNUITY LOANS									
DBSA accrued payment					-	-	-	-	-
DBSA	10.00%	10096	2015	6306306333	403 887	403 887	-	222 086	181 801
DBSA	10.80%	101025	2014	6306306335	718 102	718 102	-	718 102	-
DBSA	9.92%	101953	2015	6306306336	1 059 774	1 059 774	-	504 215	555 559
DBSA	5.70%	102857	2018	6306306343	2 222 222	2 222 222	-	444 444	1 777 778
DBSA	6.75%	103143(1)	2016	6306306344	652 876	652 876	-	259 356	393 520
DBSA	6.75%	103143(2)	2018	6306306345	1 501 394	1 501 394	-	248 186	1 253 208
DBSA	11.14%	103749	2020	6306306346	12 055 275	12 055 275	-	1 215 996	10 839 279
DBSA	8.57%	WC12007362.1	2021	6306306356	9 973 710	9 973 710	-	237 402	9 736 308
DBSA	8.57%	WC12007362.2	2031	6306306357	1 076 157	1 076 157	-	91 178	984 979
DBSA	8.82%	1007262	2022 / 2027	6306306358	12 972 152	12 972 152	-	1 030 633	11 941 519
INCA - Water and Sewerage	9.75%	3156	2015	6306306332	913 964	913 964	-	434 585	479 379
ABSA - Water Scheme	9.77%	40-6255-0510	2015	6306306330	853 050	853 050	-	405 790	447 260
ABSA - Capital Works 2005/2006	9.15%	40-6512-9293	2016	6306306331	1 410 557	1 410 557	-	442 033	968 523
ABSA - Capital Works 2008/2009	Prime - 2%	40-7292-9600	2018	6306306355	1 193 676	1 193 676	-	211 000	982 676
Total Annuity Loans					47 006 794	47 006 794	-	6 465 007	40 541 787

APPENDIX B
MATZIKAMA MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Operating Expenditure during the year		Capital Expenditure during the year		Repaid to National Revenue fund	Balance 30 JUNE 2014	Unspent 30 JUNE 2014 (Creditor)	Unpaid 30 JUNE 2014 (Debtor)
	Balance 1 JULY 2013	Contributions during the year	Transferred to Revenue	Transferred to Revenue				
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS								
<u>National Government Grants</u>								
Equitable Share	-	37 874 000	(37 874 000)	-	-	-	-	-
Department of Mineral Resources	60 913	2 000 000	-	(600 914)	(1 460 000)	-	-	-
FMG	-	1 300 000	(1 300 000)	-	-	-	-	-
MIG	-	19 022 000	-	(14 424 518)	-	4 597 482	4 597 482	-
MSIG	-	890 000	(890 000)	-	-	-	-	-
Neighbourhood Development	-	2 800 000	-	(2 430 612)	-	369 388	369 388	-
EPWP	-	1 000 000	(1 000 000)	-	-	-	-	-
DWAF	-	340 000	-	(340 000)	-	-	-	-
ACIP	(481 470)	7 737 509	-	(7 256 039)	-	-	-	-
IDC	-	-	-	-	-	-	-	-
Total National Government Grants	(420 556)	72 963 509	(41 064 000)	(25 052 082)	(1 460 000)	4 966 870	4 966 870	-
<u>Provincial Government Grants</u>								
CDW's	170 725	164 000	(186 907)	-	-	147 818	147 818	-
Department of Sport and Culture	1 548 725	-	-	(346 476)	-	1 202 249	1 202 249	-
Housing	-	250 316	-	(250 316)	-	-	-	-
Library Services	-	3 489 423	(3 359 536)	(115 904)	-	13 984	13 984	-
Revenue Enhancement	200 000	350 000	(389 156)	(152 832)	-	8 012	8 012	-
Public Transport Infrastructure	-	1 675 728	-	(1 675 727)	-	-	-	-
Total Provincial Government Grants	1 919 450	5 929 466	(3 935 599)	(2 541 254)	-	1 372 063	1 372 063	-
TOTAL GOVERNMENT GRANTS	1 498 893	78 892 975	(44 999 599)	(27 593 336)	(1 460 000)	6 338 933	6 338 933	-
<u>Other Grant Providers</u>								
Total Other Grant Providers	-	-	-	-	-	-	-	-
TOTAL	1 498 893	78 892 975	(44 999 599)	(27 593 336)	(1 460 000)	6 338 933	6 338 933	-

**APPENDIX C(1)- Unaudited
MATZIKAMA MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	119 987	(11 086)	108 902	93 808	(15 094)	-	78.2%	116 807
Executive and council	3	500	503	439	(63)	86.1%	16890.6%	205
Budget and treasury office	117 332	(10 875)	106 458	91 204	(15 253)	85.7%	77.7%	113 797
Corporate services	2 652	(711)	1 941	2 164	223	111.5%	81.6%	2 805
<i>Community and public safety</i>	8 788	(585)	8 203	7 856	(347)	95.8%	89.4%	12 208
Community and social services	3 910	167	4 077	4 030	(48)	98.8%	103.1%	3 617
Sport and recreation	2 263	114	2 376	1 889	(487)	79.5%	83.5%	1 854
Public safety	2 488	(1 000)	1 488	1 696	208	114.0%	68.2%	1 633
Housing	128	134	262	241	(21)	92.1%	189.2%	5 104
Health	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	4 664	199	4 864	5 410	546	111.2%	116.0%	5 153
Planning and development	208	168	376	588	212	156.3%	282.3%	278
Road transport	4 456	31	4 487	4 822	334	107.5%	108.2%	4 875
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	115 126	2 271	117 397	120 374	2 977	102.5%	104.6%	107 232
Electricity	76 932	(1 119)	75 813	75 888	74	100.1%	98.6%	68 621
Water	13 092	(776)	12 316	14 335	2 019	116.4%	109.5%	12 548
Waste water management	13 721	2 838	16 559	17 262	703	104.2%	125.8%	14 831
Waste management	11 381	1 328	12 709	12 889	180	101.4%	113.3%	11 232
<i>Other</i>	-	-	-	-	-	-	-	-
Total Revenue - Standard	248 566	(9 200)	239 366	227 448	(11 918)	95.0%	91.5%	241 401
Expenditure - Standard								
<i>Governance and administration</i>	50 374	881	51 255	50 901	(354)	99.3%	101.0%	51 064
Executive and council	11 954	299	12 253	11 272	(981)	92.0%	94.3%	10 554
Budget and treasury office	23 184	2 788	25 972	25 908	(64)	99.8%	111.7%	27 492
Corporate services	15 236	(2 206)	13 031	13 721	691	105.3%	90.1%	13 018
<i>Community and public safety</i>	23 949	(3 190)	20 760	19 613	(1 147)	94.5%	81.9%	24 329
Community and social services	10 540	(1 404)	9 136	9 024	(112)	98.8%	85.6%	8 760
Sport and recreation	4 704	(93)	4 611	4 572	(38)	99.2%	97.2%	4 515
Public safety	7 976	(1 656)	6 319	5 398	(921)	85.4%	67.7%	5 383
Housing	730	(36)	694	618	(75)	89.2%	84.7%	5 670
Health	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	24 508	(1 119)	23 388	22 489	(899)	96.2%	91.8%	21 984
Planning and development	3 978	310	4 287	3 950	(337)	92.1%	99.3%	3 700
Road transport	20 530	(1 429)	19 101	18 539	(562)	97.1%	90.3%	18 284
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	113 823	(430)	113 392	109 242	(4 151)	96.3%	96.0%	104 105
Electricity	72 447	933	73 380	72 630	(750)	99.0%	100.3%	65 926
Water	15 944	(1 613)	14 331	14 097	(234)	98.4%	88.4%	14 003
Waste water management	11 214	659	11 872	10 546	(1 327)	88.8%	94.0%	10 144
Waste management	13 013	(388)	12 624	10 854	(1 770)	86.0%	83.4%	13 035
<i>Other</i>	1 206	(20)	1 185	1 116	(70)	94.1%	92.5%	997
Total Expenditure - Standard	212 653	(3 858)	208 795	202 245	(6 550)	96.9%	95.1%	201 482
Surplus/(Deficit) for the year	35 913	(5 342)	30 570	25 203	(5 368)	82.4%	70.2%	39 919

**APPENDIX C(3) - Unaudited
MATZIKAMA MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates	30 261	(1 236)	29 025	29 351	327	1.1%	-26.4%	26 714
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges	104 690	2 612	107 302	108 914	1 611	1.5%	61.7%	96 121
Rental of facilities and equipment	3 000	337	3 337	2 626	(711)	-27.1%	-210.9%	2 977
Interest earned - external investments	50	140	190	231	41	17.8%	29.5%	218
Interest earned - outstanding debtors	1 500	300	1 800	2 075	275	13.3%	91.6%	1 650
Dividends received	-	-	-	-	-	-	-	-
Fines	2 497	(1 000)	1 497	1 711	214	12.5%	-21.4%	1 642
Licences and permits	1 641	31	1 672	1 067	(605)	-56.7%	-1933.0%	941
Agency services	2 000	-	2 000	2 074	74	3.6%	#DIV/0!	1 780
Transfers recognised - operational	44 552	164	44 716	45 000	284	0.6%	172.9%	48 388
Other revenue	1 253	702	1 955	5 846	3 891	66.6%	554.2%	13 682
Gains on disposal of PPE	5 000	-	5 000	960	(4 040)	-421.0%	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)	196 443	2 050	198 493	199 854	1 361	9682.9%	66.4%	194 114
Expenditure By Type								
Employee related costs	76 374	(244)	76 130	74 311	(1 820)	-2.4%	747.2%	70 019
Remuneration of councillors	5 237	210	5 447	5 301	(145)	-2.7%	-69.1%	4 641
Debt impairment	6 000	-	6 000	5 149	(851)	-16.5%	#DIV/0!	3 612
Depreciation & asset impairment	15 689	(3 018)	12 671	11 521	(1 150)	-10.0%	38.1%	12 647
Finance charges	6 248	1 744	7 992	7 663	(329)	-4.3%	-18.9%	8 019
Bulk purchases	66 319	1 100	67 419	66 829	(590)	-0.9%	-53.6%	59 706
Other materials	-	-	-	-	-	-	-	-
Contracted services	-	160	160	2 311	2 151	93.1%	1344.1%	2 774
Transfers and grants	725	197	922	880	(42)	-4.8%	-21.3%	836
Other expenditure	36 062	(4 008)	32 054	27 673	(4 382)	-15.8%	109.3%	34 557
Loss on disposal of PPE	-	-	-	608	608	100.0%	#DIV/0!	4 670
Total Expenditure	212 653	(3 858)	208 795	202 245	(6 550)	-5411.5%	169.8%	201 482
Surplus/(Deficit)	(16 210)	5 908	(10 302)	(2 391)	7 911	-330.9%	133.9%	(7 368)
Transfers recognised - capital	52 123	(11 250)	40 873	27 593	(13 279)	-48.1%	118.0%	47 287
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	35 913	(5 342)	30 571	25 203	(5 368)	-21.3%	100.5%	39 919

**APPENDIX C(4) - Unaudited
MATZIKAMA MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Executive & Council	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	20 167
Technical	5 300	(6)	5 294	3 490	(1 804)	65.9%	65.8%	21 765
Capital multi-year expenditure	5 300	(6)	5 294	3 490	(1 804)	65.9%	65.8%	41 932
Single-year expenditure								
Executive & Council	2 800	-	2 800	2 132	(668)	76.1%	76.1%	68
Finance	3 266	(2 007)	1 259	190	(1 069)	15.1%	5.8%	21
Corporate	775	(100)	675	521	(154)	77.2%	67.3%	36
Community Services	17 675	(12 860)	4 815	348	(4 467)	7.2%	2.0%	173
Technical	29 437	(1 156)	28 281	20 346	(7 935)	71.9%	69.1%	2 944
Capital single-year expenditure	53 953	(16 123)	37 830	23 537	(14 292)	62%	44%	3 242
Total Capital Expenditure - Vote	59 253	(16 129)	43 124	27 027	(16 097)	63%	46%	45 174
Capital Expenditure - Standard								
Governance and administration	6 841	(2 107)	4 734	2 843	(1 891)	60.1%	41.6%	1 393
Executive and council	2 800	-	2 800	2 132	(668)	76.1%	76.1%	1 336
Budget and treasury office	3 266	(2 007)	1 259	190	(1 069)	15.1%	5.8%	21
Corporate services	775	(100)	675	521	(154)	77.2%	67.3%	36
Community and public safety	25 564	(11 511)	14 053	3 235	(10 817)	23.0%	12.7%	20 541
Community and social services	725	(390)	335	129	(206)	38.4%	17.7%	41
Sport and recreation	7 889	1 349	9 238	2 887	(6 350)	31.3%	36.6%	201
Public safety	-	-	-	-	-	-	-	132
Housing	16 950	(12 470)	4 480	220	(4 260)	4.9%	1.3%	20 167
Health	-	-	-	-	-	-	-	-
Economic and environmental services	8 009	2 534	10 543	9 226	(1 317)	87.5%	115.2%	5 139
Planning and development	-	-	-	-	-	-	-	2
Road transport	8 009	2 534	10 543	9 226	(1 317)	87.5%	115.2%	5 138
Environmental protection	-	-	-	-	-	-	-	-
Trading services	18 839	(5 045)	13 794	11 663	(2 130)	84.6%	61.9%	18 101
Electricity	5 134	(3 000)	2 134	1 793	(341)	84.0%	34.9%	1 257
Water	855	25	880	606	(274)	68.9%	70.9%	36
Waste water management	12 850	(2 070)	10 780	9 264	(1 516)	85.9%	72.1%	16 808
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	59 253	(16 129)	43 124	26 968	(16 155)	63%	46%	45 174
Funded by:								
National Government	30 947	2 668	33 615	23 276	(10 339)	69.2%	75.2%	24 291
Provincial Government	20 176	(12 918)	7 258	2 521	(4 737)	34.7%	12.5%	20 398
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	51 123	(10 250)	40 873	25 797	(15 076)	63%	50%	44 689
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	8 130	(8 130)	-	-	-	-	-	-
Internally generated funds	-	2 251	2 251	1 171	(1 080)	52.0%	#DIV/0!	485
Total Capital Funding	59 253	(16 129)	43 124	26 968	(16 155)	63%	46%	45 174

**APPENDIX C(5) - Unaudited
MATZIKAMA MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
CASH FLOWS**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	143 092	2 671	145 763	141 924	(3 840)	97.4%	99.2%	126 014
Government - operating	44 552	396	44 948	49 840	4 892	110.9%	111.9%	43 935
Government - capital	52 123	(11 250)	40 873	27 593	(13 279)	67.5%	52.9%	47 287
Interest	1 550	(1 360)	190	2 306	2 116	1213.8%	148.8%	1 868
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(182 351)	(4 849)	(187 200)	(184 285)	2 915	98.4%	101.1%	(162 057)
Finance charges	(6 248)	92	(6 156)	(6 009)	147	97.6%	96.2%	(6 437)
Transfers and Grants	(725)	(197)	(922)	(880)	42	95.5%	121.4%	(836)
NET CASH FROM/(USED) OPERATING ACTIVITIES	51 993	(14 498)	37 495	30 489	(7 007)	81.3%	58.6%	49 774
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	5 000	-	5 000	2 262	(2 738)	-	-	514
Decrease (Increase) in non-current debtors	563	(563)	-	798	235	-	-	419
Decrease (increase) other non-current receivables	-	(74)	(74)	-	74	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(59 253)	16 129	(43 124)	(26 968)	16 155	62.5%	45.5%	(45 174)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(53 690)	15 493	(38 198)	(23 908)	14 289	62.6%	44.5%	(44 241)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	8 130	(8 130)	-	-	-	-	-	-
Increase (decrease) in consumer deposits	257	(378)	(121)	265	386	-218.8%	103.0%	115
Payments								
Repayment of borrowing	(6 236)	(1 630)	(7 867)	(6 465)	1 402	82.2%	103.7%	(7 864)
NET CASH FROM/(USED) FINANCING ACTIVITIES	2 150	(10 138)	(7 988)	(6 200)	1 787	77.6%	-288.3%	(7 749)
NET INCREASE/ (DECREASE) IN CASH HELD	453	(9 144)	(8 690)	380	9 070	-4.4%	83.8%	(2 216)
Cash/cash equivalents at the year begin:	(15 070)	26 714	11 644	2 319	(9 326)	19.9%	-15.4%	4 535
Cash/cash equivalents at the year end:	(14 617)	17 571	2 954	2 699	1 532	91.4%	-18.5%	2 319

	2014 R	2013 R
2 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	40 541 787	47 006 794
Current Portion transferred to Current Liabilities	(6 013 185)	(6 423 474)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	34 528 602	40 583 320

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	9 788 445	10 633 567
Payable within two to five years	32 901 228	36 517 167
Payable after five years	20 986 499	25 688 158
	63 676 172	72 838 892
Less: Future finance obligations	(23 134 385)	(25 832 098)
Present value of annuity obligations	40 541 787	47 006 794

Annuity loans at amortised cost is calculated at 5.70%-11.14% interest rate, with first maturity date of 30 June 2013 and last maturity date of 30 June 2020.

	2014 R	2013 R
3 EMPLOYEE BENEFITS		
Post Retirement Benefits - Note 3.1	20 242 992	17 844 164
Long Service Awards - Note 3.2	3 992 694	3 488 718
Total Non-current Employee Benefit Liabilities	24 235 686	21 332 882

Post Retirement Benefits

Balance 1 July	18 619 976	18 211 828
Contribution for the year	876 703	891 559
Interest Cost	1 560 087	1 385 775
Expenditure for the year	(784 930)	(783 317)
Actuarial Loss/(Gain)	781 384	(1 085 869)
Total post retirement benefits 30 June	21 053 220	18 619 976
Less: Transfer of Current Provision - Note 6	(810 228)	(775 812)
Balance 30 June	20 242 992	17 844 164

Long Service Awards

Balance 1 July	3 708 407	3 242 171
Contribution for the year	460 253	402 986
Interest Cost	275 707	212 434
Expenditure for the year	(206 811)	(174 255)
Actuarial Loss/(Gain)	189 042	25 071
Total long service 30 June	4 426 598	3 708 407
Less: Transfer of Current Provision - Note 6	(433 904)	(219 689)
Balance 30 June	3 992 694	3 488 718

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	22 328 383	21 453 999
Contribution for the year	1 336 956	1 294 545
Interest cost	1 835 794	1 598 209
Expenditure for the year	(991 741)	(957 572)
Actuarial Loss/(Gain)	970 426	(1 060 798)
Total employee benefits 30 June	25 479 818	22 328 383
Less: Transfer of Current Provision - Note 6	(1 244 132)	(995 501)
Balance 30 June	24 235 686	21 332 882

3.1 Post Retirement Benefits

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

	2014 Employees	2013 Employees
In-service (employee) members	103	103
In-service (employee) non-members	85	88
Continuation members (e.g. Retirees, widows, orphans)	28	29
Total Members	216	220

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

	2014 R	2013 R	2012 R
In-service members	7 561 057	6 115 102	5 207 499
In-service non-members	2 794 297	2 041 224	2 582 752
Continuation members	10 697 865	10 463 649	10 421 576
Total Liability	21 053 219	18 619 975	18 211 827

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

	2010 R	2011 R
In-service members	2 576 000	4 243 330
Continuation members	8 695 948	9 538 157
Total Liability	11 271 948	13 781 487

History of experience adjustments were calculated as follows:

	2014	2013	2012	2011	2010
Liabilities: (Gain) / loss	361 000	(645 000)	2 398 000	(198 000)	1 725 000.00
Assets: Gain / (loss)	-	-	-	-	-

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

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

Bonitas;
LA Health
Samwumed; and
Keyhealth.
Hosmed

	2014 %	2013 %
i) Rate of interest		
Discount rate	8.89%	8.55%
Health Care Cost Inflation Rate	8.12%	7.65%
Net Effective Discount Rate	0.71%	0.84%

The next contribution rate increase is assumed to occur at 1 January 2015

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

ii) Mortality rates

Mortality during employment - SA 85-90
Mortality post-retirement - PA90-1

iii) 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.

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	21 053 220	18 619 976
Total Liability	21 053 220	18 619 976

The fund is wholly unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits.

	2014 R	2013 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	18 619 976	18 211 828
Total expenses	1 651 860	1 494 017
Current service cost	876 703	891 559
Interest Cost	1 560 087	1 385 775
Benefits Paid	(784 930)	(783 317)
Actuarial (gains)/losses	781 384	(1 085 869)
Present value of fund obligation at the end of the year	21 053 220	18 619 976
Less: Transfer of Current Portion - Note 6	(810 228)	(775 812)
Balance 30 June	20 242 992	17 844 164

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability R	Continuation members liability R	Total liability R
Central Assumptions	10 355 000	10 698 000	21 053 000

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability R	Continuation members liability R	Total liability R	Change %
Health care inflation	1%	12 948 000	11 715 000	24 662 000	17%
Health care inflation	-1%	8 350 000	9 806 000	18 156 000	-14%
Discount rate	1%	8 378 000	9 818 000	18 197 000	-14%
Discount rate	-1%	12 955 000	11 718 000	24 672 000	17%
Post-retirement mortality	-1 year	10 748 000	11 176 000	21 924 000	4%
Average retirement age	-1 year	11 304 000	10 698 000	22 002 000	5%
Continuation of membership at retirement	-10%	8 970 000	10 698 000	19 668 000	-7%

Sensitivity Analysis on the Current-Service and Interest Cost

Assumption	Change	Current Cost R	Service Interest Cost R	Total R	Change %
Central Assumptions		876 700	1 560 100	2 436 800	
Health care inflation	1%	1 112 200	1 827 000	2 939 200	21%
Health care inflation	-1%	697 500	1 345 200	2 042 700	-16%
Post-Retirement mortality	-1 year	908 600	1 624 500	2 533 100	4%
Average retirement age	-1 year	971 000	1 625 000	2 596 000	7%
Withdrawal Rate	-50%	1 018 800	1 652 200	2 671 000	10%

History of liabilities and assets

	2014	2013	2012	2011	2010
Accrued Liability	21 053 000	18 620 000	18 212 000	13 781 000	11 272 000
Fair value of plan assets	-	-	-	-	-
Surplus / (Deficit)	<u>21 053 000</u>	<u>18 620 000</u>	<u>18 212 000</u>	<u>13 781 000</u>	<u>11 272 000</u>

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

	2014 Employees	2013 Employees
	376	382

Key actuarial assumptions used:

i) **Rate of interest**

	2014 %	2013 %
Discount rate	8.22%	7.66%
General Salary Inflation (long-term)	7.26%	6.87%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.89%	0.74%

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

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

	2014 R	2013 R
Present value of fund obligations	4 426 598	3 708 407
Net liability	<u>4 426 598</u>	<u>3 708 407</u>

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

	2012 R	2011 R	2010 R
Total Liability	<u>3 242 171</u>	<u>2 284 031</u>	<u>2 005 016</u>

History of experience adjustments were calculated as follows:

	2014	2013	2012	2011	2010
Liabilities: (Gain) / loss	262 519	45 289	392 579	(224 240)	1 264 879
Assets: Gain / (loss)	-	-	-	-	-

	2014 R	2013 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	3 708 407	3 242 171
Total expenses	529 149	441 165
Current service cost	460 253	402 986
Interest Cost	275 707	212 434
Benefits Paid	(206 811)	(174 255)
Actuarial (gains)/losses	189 042	25 071
Present value of fund obligation at the end of the year	4 426 598	3 708 407
Less: Transfer of Current Portion - Note 6	(433 904)	(219 689)
Balance 30 June	3 992 694	3 488 718

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability R	Change %
Central assumptions		4 427 000	
General salary inflation	+1%	4 812 000	9%
General salary inflation	-1%	4 086 000	-8%
Discount Rate	+1%	4 073 000	-8%
Discount Rate	-1%	4 834 000	9%
Average retirement age	-2yrs	4 014 000	-9%
Average retirement age	+2yrs	4 972 000	12%
Withdrawal rates	-50%	5 359 000	21%

Sensitivity Analysis on the Current- Service and Interest Cost

Assumption	Change	Current Cost R	Service Interest Cost R	Total R	Change %
Central assumptions		460 300	275 700	736 000	
General salary inflation	+1%	499 000	301 200	800 200	9%
General salary inflation	-1%	426 600	253 200	679 800	-8%
Average retirement age	-2yrs	426 300	248 500	674 800	-8%
Average retirement age	+2yrs	497 300	308 400	805 700	9%
Withdrawal rates	-50%	585 100	339 900	925 000	26%

History of liabilities and assets

	2014	2013	2012	2011	2010
Accrued liability	4 426 598	3 708 407	3 242 171	2 284 031	2 005 016
Fair value of plan asset	-	-	-	-	-
Surplus/(Deficit)	4 426 598	3 708 407	3 242 171	2 284 031	2 005 016
	2014 R	2013 R			

3.3 Retirement funds

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

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator 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 is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99.7% (30 June 2012- 99.4%).

Contributions paid recognised in the Statement of Financial Performance

22 926	20 903
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CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in sound financial position with a funding level of 105,1% (30 June 2012 - 108%).

Contributions paid recognised in the Statement of Financial Performance

7 212 090	6 651 808
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund
SALA Pension Fund
SAMWU National Provident Fund

-	-
984 620	984 843
984 620	984 843

	2014 R	2013 R
4 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	36 151 776	35 129 617
Total Non-current Provisions	36 151 776	35 129 617

In terms of the licensing of the landfill refuse sites, the Municipality will incur rehabilitation costs to restore the sites at the end of their useful lives, estimated to be in 2016 - 2034.

Landfill Sites

Balance 1 July	35 129 617	34 955 792
Finance Charges	1 653 979	1 582 109
Addition	58 786	
Change in Provision for Rehabilitation Cost	(690 606)	(1 408 285)
Total provision 30 June	36 151 776	35 129 617
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June 2014	36 151 776	35 129 617

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Klawer	Vanrhynsdorp	Vredendal	Lutzville	Strandfontein
Rehabilitation Area(m2)	9472	25748	45466	17 443	7 736
P&G	300 694	651 480	969 817	417 029	240 881
Site Clearance (R)	22 070	59 993	105 936	40 642	18 040
Storm Water Drainage (R)	1 425 764	2 640 452	3 461 391	1 649 037	1 130 848
Capping (R)	699 981	1 952 986	3 359 937	1 289 038	571 690
Gas Management (R)	-	-	-	-	-
Other (R)	30 000	280 900	30 000	30 000	30 000
Contingencies (R)	244 851	530 491	789 708	339 581	196 146
Engineering (R)	269 336	563 540	868 679	373 539	215 761
Site Supervision (R)	112 272	460 704	383 480	383 480	121 644
Total (Excl VAT)	3 104 968	7 160 546	9 968 949	4 522 405	2 525 010
Rehab cost/m2	328	278	219	259	326
Estimated construction period	3 months	4 months	5 months	4 months	3 months
	Doringbaai	Bitterfontein	Kliprand	Rietpoort	Nuwerus
Rehabilitation Area(m2)	8 029	5 499	1 777	4 601	3 143
P&G	269 342	174 342	87 435	174 429	128 140
Site Clearance (R)	18 708	12 813	4 140	10 720	7 323
Storm Water Drainage (R)	1 311 822	828 108	459 073	895 188	676 951
Capping (R)	593 343	406 376	131 320	340 014	231 011
Gas Management (R)	-	-	-	-	-
Other (R)	30 000	30 000	30 000	30 000	30 000
Contingencies (R)	219 321	141 964	68 197	142 035	104 342
Engineering (R)	241 254	156 160	75 017	156 239	114 777
Site Supervision (R)	112 800	125 868	90 336	130 488	82 504
Total (Excl VAT)	2 796 590	1 873 631	945 518	1 879 113	1 375 047
Rehab cost/m2	348.31	340.72	532.09	408	438
Estimated construction period	3 months	3 months	2 months	3 months	2 months

	2014 R	2013 R
5 CONSUMER DEPOSITS		
Water and Electricity	3 085 973	2 821 386
Total Consumer Deposits	3 085 973	2 821 386

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

6 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 3	810 228	775 812
Current Portion of Long-Service Provisions - Note 3	433 904	219 689
Provision for Staff Leave	4 130 667	3 754 020
Provision for Performance Bonuses	-	-
Bonuses Accrued	1 990 934	1 964 336
Pension	35 055	35 055
Total Current Employee Benefits	7 400 788	6 748 912

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	3 754 020	3 719 709
Contribution to current portion	896 513	428 275
Expenditure incurred	(519 867)	(393 964)
Balance at end of year	4 130 667	3 754 020

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

Provision for Performance Bonuses

Balance at beginning of year	-	498 408
Contribution to current portion	-	(269 854)
Expenditure incurred	-	(228 554)
Balance at end of year	-	-

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

	2014 R	2013 R
<u>Bonuses Accrued</u>		
Balance at beginning of year	1 964 336	1 676 083
Contribution to current portion	3 693 891	3 721 362
Expenditure incurred	(3 667 293)	(3 433 110)
Balance at end of year	<u>1 990 934</u>	<u>1 964 336</u>

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

	2014 R	2013 R
<u>Pension</u>		
Balance at beginning of year	35 055	36 168
Contribution to current portion	-	-
Expenditure incurred	-	(1 113)
Balance at end of year	<u>35 055</u>	<u>35 055</u>

Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when respective employees retire. There is no possibility of reimbursement.

7	2014 R	2013 R
PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	2 052 489	1 310 171
Pre-paid electricity	312 016	162 116
Sundry Creditors	13 082 598	25 092 653
Balance previously reported	-	24 996 233
Correction of error - see note 36.01 (c)	-	(156 766)
Correction of error- see note 36.01 (e)	-	84 989
Correction of error- see note 36.01(f)	-	168 197
Payments received in advance	3 103 948	2 325 725
Retentions	1 077 893	1 357 729
Total Trade Payables	<u>19 628 944</u>	<u>30 246 394</u>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

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

All payables are unsecured.

Sundry deposits include hall, builders and housing Deposits.

8	2014 R	2013 R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	6 338 933	1 980 364
National Government Grants	4 966 869	60 914
Provincial Government Grants	1 372 063	1 919 450
Other Grant Providers	-	-
Less: Unpaid Conditional Government Grants and Receipts	-	481 470
National Government Grants	-	481 470
Total Conditional Grants and Receipts	<u>6 338 933</u>	<u>1 498 894</u>

Refer to note 20 for a detail reconciliation of grants.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

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

9	2014 R	2013 R
TAXES		
9.1 VAT PAYABLE		
VAT Payable	368 731	389 597
VAT Output in suspense	3 596 198	2 847 332
Less: Contribution to provision for impairment of trade receivables from exchange transactions	(1 820 461)	(1 570 170)
Opening balance	(1 570 170)	(1 463 868)
Movement for the year	(250 290)	(106 302)
Total VAT Payable	<u>2 144 468</u>	<u>1 666 759</u>
9.2 VAT RECEIVABLE		
VAT Receivable	-	-
VAT Input in suspense	1 142 259	2 914 933
Total VAT Receivable	<u>1 142 259</u>	<u>2 914 933</u>
9.3 NET VAT RECEIVABLE/(PAYABLE)	<u>(1 002 209)</u>	<u>1 248 175</u>

VAT is receivable/payable on the cash basis.

	2014 R	2013 R
11 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	56 490 950	46 919 750
Balance previously reported	-	46 919 750
Correction of error- see note 36.01(l)	-	45 067 300
Correction of error-see note 36.01(m)	-	(1 056 500)
	-	2 908 950
Disposals current year	(1 489 800)	
Transfers from Property Plant and Equipment	2 210 400	
Transfers from Inventory	69 156	
Fair value gain/(losses)	2 994 444	9 571 200
Balance Previously reported		10 017 950
Correction of error - see note 36.01(k)		(780 000)
Correction of error - see note 36.01(x)		333 250
Carrying amount at 30 June	60 275 150	56 490 950
Revenue derived from the rental of investment property	56 837	53 638
Operating expenditure incurred on properties generating revenue	38 334	49 634
Operating expenditure incurred on properties not generating revenue	-	-

Land to the value of R 6 661 000 were identified to be sold during the next financial year

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

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

Fair value valuations were performed by an independent firm, South Cape Valuers. The valuator, Stephanus Janse Hendrikus de Swardt is a Professional Associated Valuer (registration no 2970) at the South African Council for Property Valuers Profession

The method to be applied in the assessment of value will properly reflect the actions of buyers and sellers, as well as the approach typically followed by market participants, including brokers, in the assessment of selling prices. It will also reflect market circumstances at the time, such as the availability of property for rental and sale and the respective strengths and weaknesses of buyers and sellers.

	474 324	524 489
12 INTANGIBLE ASSETS		
Computer Software and Servitudes		
Net Carrying amount at 1 July	773 006	773 006
Cost	773 006	773 006
Balance Previously reported	-	1 341 554
Correction of error see note 36.01(w)	-	(568 548)
Accumulated Amortisation	(298 682)	(248 517)
Balance Previously reported	-	(451 300)
Correction of error see note 36.01(w)	-	202 782
Additions	-	-
Amortisation	(50 164)	(50 164)
Balance previously reported		(88 077)
Correction of error see note 36.01(w)		37 913
Net Carrying amount at 30 June	424 160	474 324
Cost	773 006	773 006
Accumulated Amortisation	(348 846)	(298 682)

Computer Software were assets to have a life span of 15 years, Servitudes has an indefinite life span

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.

	593 678	633 132
13 LONG-TERM RECEIVABLES		
Housing Selling Scheme Loans	1 031 507	1 790 373
Receivables with repayment arrangements	1 625 185	2 423 505
Total Long Term Receivables	(1 109 431)	(1 528 319)
Less: Provision for Debt Impairment	515 754	895 186
Total Net Long Term Receivables	(355 785)	(636 520)
Less: Current portion transferred to current receivables	-	-
Housing Selling Scheme Loans	-	-
Receivables with repayment arrangements	(355 785)	(636 520)
Total Long Term Receivables	159 969	258 666

The carrying amount of these assets approximates their fair value.

The provision for impairment could be allocated to the different classes of Long Term Receivables as follows:

Housing Selling Scheme Loans	(593 678)	(633 132)
Receivables subject to repayment arrangements	(515 753)	(895 187)
Provision for impairment	(1 109 431)	(1 528 319)

Housing loans are not granted to officials of the municipality, it is in respect of the old housing schemes. The outstanding amount relates to prior years and is not collectable. Housing loans which attract interest at 3-10% per annum and which are repayable over a maximum period of 20 years.

Receivables subject to repayment arrangements are debtors which are repaying their outstanding consumers accounts over a period of more than 12 months.

	2014 R	2013 R
14 INVENTORY		
Consumable Stores - at cost	98 803	324 253
Water - at purification cost	270 741	336 045
Graves - at nett realisable value	41 667	52 632
Housing Inventory - at cost	-	256 781
Balance previously reported		1 208 407
Correction of error - see note 36.01(j)		(951 625)
Land Held for Resale - at cost	62 829	134 872
Total Inventory	474 040	1 104 583
No inventory assets were pledged as security for liabilities.		
Land Held for Resale reconciliation		
Opening balance 1 July	134 872	134 872
Disposals current year	(39 230)	-
Transfers to Land&Buildings	(32 813)	-
Closing balance Land held of resale 30 June	62 829	134 872

	2014 R	2013 R
15 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables	41 905 985	36 812 780
Electricity	6 892 264	6 779 100
Water	6 221 235	5 533 556
Refuse	6 163 348	4 952 551
Sewerage	8 510 452	7 129 200
Other	14 116 686	12 418 372
Other Receivables	158 377	216 738
Sundry Receivables	158 377	216 738
Total Receivables from Exchange Transactions	42 064 362	37 029 518
Less: Provision for debt impairment	(18 584 882)	(17 142 621)
Total Net Receivables from Exchange Transactions	23 479 480	19 886 897

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

Receivables to an amount R4 million are pledged as security for financial liabilities.

	2014 R	2013 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	20 670 410	18 561 713
Contribution to provision	5 399 654	3 718 642
Bad Debts Written Off	(3 590 769)	(1 609 944)
Balance at end of year	22 479 295	20 670 410
Receivables from Exchange Transactions	18 584 882	17 142 621
Receivables from Non-Exchange Transactions	2 576 722	1 999 470
Fines	208 260	-
Long term receivables	1 109 431	1 528 319

Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

Summary of debtors by customer classification

Consumers		
Current (0 - 30 days)	8 861 471	8 175 976
31 - 60 Days	3 030 115	3 020 214
61 - 90 Days	1 900 922	1 585 160
91 - 120 Days	1 514 762	1 272 351
+ 120 Days	30 065 307	26 177 988
Total	45 372 577	40 231 689
Industrial/Commercial		
Current (0 - 30 days)	784 845	562 803
31 - 60 Days	144 371	153 797
61 - 90 Days	53 069	47 272
91 - 120 Days	14 841	41 371
+ 120 Days	543 182	496 996
Total	1 540 307	1 302 239
National and Provincial Government		
Current (0 - 30 days)	65 326	54 992
31 - 60 Days	17 388	16 759
61 - 90 Days	18 391	15 670
91 - 120 Days	18 650	15 970
+ 120 Days	622 469	555 873
Total	742 223	659 264

	2014 R	2013 R
Ageing of Receivables from Exchange Transactions:		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	4 592 053	4 255 321
31 - 60 Days	855 019	945 902
61 - 90 Days	211 590	232 050
91 - 120 Days	118 662	100 558
+ 120 Days	1 114 940	1 245 270
Total	6 892 264	6 779 100
<u>(Water): Ageing</u>		
Current (0 - 30 days)	851 081	874 447
31 - 60 Days	452 368	430 597
61 - 90 Days	277 550	265 739
91 - 120 Days	227 149	201 372
+ 120 Days	4 413 087	3 761 401
Total	6 221 235	5 533 556
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	807 521	657 610
31 - 60 Days	382 276	344 079
61 - 90 Days	266 240	242 629
91 - 120 Days	226 252	198 301
+ 120 Days	4 481 060	3 509 932
Total	6 163 348	4 952 551
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 063 854	917 891
31 - 60 Days	509 895	488 583
61 - 90 Days	367 991	350 775
91 - 120 Days	309 502	277 134
+ 120 Days	6 259 210	5 094 817
Total	8 510 452	7 129 200
<u>(Other): Ageing</u>		
Current (0 - 30 days)	566 507	465 833
31 - 60 Days	525 251	471 357
61 - 90 Days	601 554	302 912
91 - 120 Days	493 849	347 642
+ 120 Days	11 931 524	10 830 628
Total	14 116 686	12 418 372
<u>(Total): Ageing</u>		
Current (0 - 30 days)	7 881 017	7 171 101
31 - 60 Days	2 724 809	2 680 518
61 - 90 Days	1 724 924	1 394 105
91 - 120 Days	1 375 415	1 125 006
+ 120 Days	28 199 821	24 442 048
Total	41 905 985	36 812 780

16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2014 R	2013 R
Rates	5 749 123	5 380 412
Other Receivables	1 442 591	486 493
Eskom Deposits	266 628	242 546
Suspense Debtors	1 175 963	243 947
Balance previously reported	-	231 165
Correction of error- see note 36.01(v)	-	62 782
Correction of error - see note 36.01(d)	-	(50 000)
Total Receivables from Non-Exchange Transactions	7 191 713	5 866 904
Less: Allowance for Doubtful Debts	(2 784 982)	(1 999 470)
Total Net Receivables from Non-Exchange Transactions	4 406 732	3 867 434

The entire provision for bad debts relates to the outstanding rates balance.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	1 830 625	1 622 669
31 - 60 Days	467 066	510 253
61 - 90 Days	247 458	253 996
91 - 120 Days	172 838	204 835
+ 120 Days	3 031 136	2 788 809
Total	5 749 123	5 380 412

17 OPERATING LEASE ARRANGEMENTS	2014 R	2013 R
17.1 The Municipality as Lessor (Asset)		
Balance on 1 July	35 474	40 312
Movement during the year	(1 073)	(4 838)
Balance on 30 June	34 401	35 474

At the Statement of Financial Position date, where the Municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	68 074	36 260
1 to 5 Years	129 535	119 862
More than 5 Years	-	711
Total Operating Lease Arrangements	197 609	156 833

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

Matzikama Municipality is leasing land and buildings to different rate payers for periods ranging from 36-120 months with escalations of between 3% and 10% per year.

The leases are in respect of land and buildings being leased out for previous ranging until 2019.

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

The municipality did not receive any contingent rent during the year

	2014 R	2013 R
18 CASH AND CASH EQUIVALENTS		
Assets		
Bank Accounts	3 442 099	2 311 956
Cash Floats	6 800	6 800
Total Cash and Cash Equivalents - Assets	3 448 899	2 318 756
Liabilities		
ABSA Bank - Account Number 40-5057-5029	750 056	-
Total Cash and Cash Equivalents - Liabilities	750 056	-
The Municipality has the following bank accounts:		
Current Accounts - Assets		
ABSA Bank - Account Number 40-5057-5029	-	1 691 052
ABSA Bank - Account Number 40-7513-2844	247 023	4 200
ABSA Bank - Account Number 40-7512-9982	1 314 696	4 036
ABSA Bank - Account Number 40-7554-5657	1 267 712	-
ABSA Bank - Account Number 40-7670-7628	612 668	612 668
	3 442 099	2 311 956
Current Accounts - Liabilities		
ABSA Bank - Account Number 40-5057-5029	750 056	-
ABSA Bank - Account Number 40-5057-5029		
Cash book balance at beginning of year	1 691 052	3 913 695
Cash book balance at end of year	(750 056)	1 691 052
Bank statement balance at beginning of year	1 691 052	3 913 695
Bank statement balance at end of year	2 306 463	1 691 052
ABSA Bank - Account Number 40-7513-2844		
Cash book balance at beginning of year	4 200	-
Cash book balance at end of year	247 023	4 200
Bank statement balance at beginning of year	4 200	-
Bank statement balance at end of year	247 023	4 200
ABSA Bank - Account Number 40-7512-9982		
Cash book balance at beginning of year	4 036	1 911
Cash book balance at end of year	1 314 696	4 036
Bank statement balance at beginning of year	4 036	1 911
Bank statement balance at end of year	1 314 696	4 036
ABSA Bank - Account Number 40-7554-5657		
Cash book balance at beginning of year	-	11 690
Cash book balance at end of year	1 267 712	-
Bank statement balance at beginning of year	-	11 690
Bank statement balance at end of year	1 267 712	-
ABSA Bank - Account Number 40-7670-7628		
Cash book balance at beginning of year	612 668	605 650
Cash book balance at end of year	612 668	612 668
Bank statement balance at beginning of year	612 668	605 650
Bank statement balance at end of year	612 668	612 668
ABSA Bank - Account Number 4550-1900-3588-9018		
Cash book balance at beginning of year	-	(5 176)
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	(5 176)
Bank statement balance at end of year	-	-

19 PROPERTY RATES		
Actual		
Rateable Land and Buildings		
Residential, Commercial Property, State	29 351 335	26 714 399
Total Assessment Rates	29 351 335	26 714 399
Rates:		
Residential	0.00927 c/R	0.00830 c/R
Commercial	0.00927 c/R	0.00830 c/R
Agricultural (2010 - less 65% rebate)	0.00196 c/R	0.00176 c/R
DMA Agricultural	0.00049 c/R	0.00044 c/R

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2011. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2014 R	2013 R
20 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	37 874 000	36 388 000
Equitable Share	37 874 000	36 388 000
Conditional Grants	34 718 935	59 286 993
CDW's	186 907	205 214
Department of Mineral Resources	600 914	1 433 101
Department of Sport and Culture	346 476	219 119
Doringbaai Lobster Holdings	-	-
DOW: Vanrhynsdorp	-	311 362
Revenue Enhancement	541 988	-
FMG	1 300 000	1 250 000
Hoodia Project	-	-
Housing	250 316	24 488 993
Housing Consumer Education	-	-
Library Services	3 475 439	3 017 577
Lotto	-	-
MIG	14 424 518	18 584 000
MSIG	890 000	800 000
EPWP	1 000 000	1 125 436
RBIG Water	340 000	-
ACIP	7 256 039	6 228 056
Neighbourhood Development	2 430 612	1 177 779
Public Transport	1 675 727	348 078
Exoxaro Namakwa Sands	-	-
West Coast Community Trust	-	-
Thusong Centre-DMA	-	98 277
Total Government Grants and Subsidies	72 592 935	95 674 993
Government Grants and Subsidies - Capital	27 593 336	47 287 055
Government Grants and Subsidies - Operating	44 999 599	48 387 938
	72 592 935	95 674 993

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

Equitable share	37 874 000	36 388 000
Executive and Council	389 156	205 214
Budget and treasury office	28 893 336	48 537 053
Corporate Services	890 000	800 000
Planning and Development	-	-
Health	-	-
Community and social services	3 546 443	3 075 374
Housing	-	4 884 475
Public Safety	-	-
Sport and Recreation	-	-
Environmental Protection	-	-
Waste Management	-	-
Waste Water Management	-	-
Road Transport	1 000 001	1 473 514
Water	-	311 362
Electricity	-	-
	72 592 936	95 674 992

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

20.1 Equitable share

Opening balance	-	-
Grants received	37 874 000	36 388 000
Conditions met - Operating	(37 874 000)	(36 388 000)
Conditions met - Capital	-	-
Conditions still to be met/(Grant Expenditure to be recovered)	-	-

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.

20.2 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1 300 000	1 250 000
Conditions met - Operating	(1 300 000)	(1 250 000)
Conditions met - Capital	-	-
Conditions still to be met/(Grant Expenditure to be recovered)	-	-

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

20.3 Municipal Systems Improvement Grant

Opening balance	-	-
Grants received	890 000	800 000
Conditions met - Operating	(890 000)	(800 000)
Conditions met - Capital	-	-
Conditions still to be met/(Grant Expenditure to be recovered)	-	-

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

	2014 R	2013 R
20.4 Municipal Infrastructure Grant (MIG)		
Opening balance	-	-
Grants received	19 022 000	18 584 000
Conditions met - Operating	-	-
Conditions met - Capital	(14 424 518)	(18 584 000)
Conditions still to be met/(Grant Expenditure to be recovered)	<u>4 597 482</u>	<u>-</u>
The grant was used to upgrade infrastructure in previously disadvantaged areas.		
20.5 Housing Grants		
Opening balance	-	-
Grants received	250 316	24 488 993
Conditions met - Operating	-	(4 884 474)
Conditions met - Capital	(250 316)	(19 604 519)
Conditions still to be met/(Grant Expenditure to be recovered)	<u>-</u>	<u>-</u>
Housing grants was utilised for the development of erven and the erection of top structures.		
20.6 Department of Mineral Resources		
Opening balance	60 913	2 045 015
Grants received	2 000 000	-
Conditions met - Operating	-	-
Conditions met - Capital	(600 914)	(1 433 101)
Grants withheld	(1 460 000)	(551 000)
Conditions still to be met/(Grant Expenditure to be recovered)	<u>-</u>	<u>60 913</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
20.7 Other Grants		
Opening balance	1 437 980	3 907 135
Grants received	17 556 660	13 061 743
Grants withheld	-	(2 800 000)
Transfer from DMA	-	-
Conditions met - Operating	(4 935 599)	(5 065 464)
Conditions met - Capital	(12 317 589)	(7 665 434)
Write off - Irrecoverable grant expenditure	-	-
Conditions still to be met/(Grant Expenditure to be recovered)	<u>1 741 452</u>	<u>1 437 980</u>
Various grants were received from other spheres of government (e.g. Library Services Grant and Neighbourhood Development Grant).		
20.8 Total Grants		
Opening balance	1 498 893	5 952 150
Grants received	78 892 975	94 572 736
Grants withheld	(1 460 000)	(3 351 000)
Transfer from DMA	-	-
Conditions met - Operating	(44 999 600)	(48 387 939)
Conditions met - Capital	(27 593 336)	(47 287 053)
Write off - Irrecoverable grant expenditure	-	-
Conditions still to be met/(Grant expenditure to be recovered)	<u>6 338 932</u>	<u>1 498 893</u>
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	6 338 933	1 980 364
Unpaid Conditional Government Grants and Receipts	-	(481 470)
	<u>6 338 933</u>	<u>1 498 894</u>
	R	R
21 SERVICE CHARGES		
Electricity	74 644 577	67 907 265
Service Charges	75 887 525	68 620 951
Less: Revenue foregone	(1 242 947)	(713 686)
Water	13 145 309	10 749 878
Service Charges	14 335 118	12 236 964
Less: Revenue foregone	(1 189 809)	(1 487 086)
Refuse removal	9 184 008	7 302 572
Service Charges	12 888 839	10 520 403
Less: Revenue foregone	(3 704 831)	(3 217 831)
Sewerage and Sanitation Charges	11 939 645	10 160 993
Service Charges	17 262 239	14 830 545
Less: Revenue foregone	(5 322 594)	(4 669 552)
Total Service Charges	<u>108 913 538</u>	<u>96 120 708</u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
22 OTHER INCOME		
Advertising	28 439	8 880
Application Fees - Town Planning	48 018	58 333
Aqua Kultuur	134 821	-
Building Plan Fees	318 112	179 091
Cemetery	338 756	271 432
Cemetery Digging	12 812	11 057
Encroachments	60 054	33 282
Namakwa fees	50 000	-
Housing Redeemed	61 703	62 488
Insurance Claims	305 541	59 871
Photocopies	25 723	28 236
Refuse Bags	162	717
Roadworthy Certificates	670 703	664 943
Subscription Fees	219	395
Sundry Income - Finance	563 578	427 167
Valuation Certificates	65 645	49 981
Land Sales	-	328 750
Telephone	144 420	129 554
Correction of error - 36.01 (b)	-	710 613
Total Other Income	<u>2 828 705</u>	<u>3 024 790</u>

23	FAIR VALUE ADJUSTMENTS		
	Fair Value adjustments of Investment Property	2 994 444	9 571 200
	Balance previously reported		10 017 950
	Correction of error- see note 36.01(k)		(780 000)
	Correction of error - see note 36.01(x)		333 250
		<u>2 994 444</u>	<u>9 571 200</u>
24	RENTAL OF FACILITIES AND EQUIPMENT		
	Rental of facilities and Equipment	2 626 345	2 977 279
		<u>2 626 345</u>	<u>2 977 279</u>
25	INTEREST EARNED - OUTSTANDING DEBTORS		
	Interest Earned - outstanding debtors	2 074 946	1 650 222
		<u>2 074 946</u>	<u>1 650 222</u>
26	EMPLOYEE RELATED COSTS		
	Bonuses	3 693 891	3 588 358
	Contributions for UIF, pensions and medical aids	10 915 434	10 957 471
	Housing Subsidy	164 692	237 552
	Long service awards	460 253	402 986
	Overtime	2 245 621	1 662 034
	Post Employment Health	876 703	891 559
	Protective Clothing	380 964	386 304
	Provision for Staff Leave	896 513	428 275
	Salaries and Wages	51 052 804	47 894 991
	Skills Development Levy and Training	416 253	551 439
	Travel, motor car, telephone, assistance and other allowances	3 207 433	2 849 931
	Correction of error- see note 36.01(f)	-	168 197
			-
	Total Employee Related Costs	<u>74 310 562</u>	<u>70 019 098</u>
		R	R
		-	-
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager is appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable at the end of the contract period. All other Directors are permanently appointed.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the previous Municipal Manager: DGI O'NEILL		
	Annual Remuneration	138 600	762 200
	Performance Bonus		80 760
	Bonus	54 000	104 999
	Contributions for UIF, pensions and medical aids	34 344	154 542
	Travel, motor car, telephone, assistance and other allowances	111 118	75 579
	Skills Development Levy and Training	3 050	10 562
	Total	<u>341 112</u>	<u>1 188 642</u>
	Remuneration of the Director Technical Services: J PEKEUR		
	Annual Remuneration	544 755	479 413
	Performance Bonus	-	52 238
	Bonus	38 400	28 270
	Contributions for UIF, pensions and medical aids	140 671	125 140
	Travel, motor car, telephone, assistance and other allowances	105 142	85 512
	Skills Development Levy and Training	7 099	6 679
	Total	<u>836 067</u>	<u>777 252</u>
	Included in remuneration of the Director Technical Services is also the allowance for acting as Municipal Manager during current financial year		
	Remuneration of the Director Corporate Services: W CONRADIE		
	Annual Remuneration	495 030	424 643
	Performance Bonus	-	46 020
	Bonus		24 905
	Contributions for UIF, pensions and medical aids	139 141	121 721
	Travel, motor car, telephone, assistance and other allowances	86 461	81 393
	Skills Development Levy and Training	5 799	5 779
	Total	<u>726 431</u>	<u>704 460</u>
	Remuneration of the Director Community Services: J SWARTZ		
	Annual Remuneration	538 106	473 246
	Performance Bonus	-	49 536
	Bonus	26 708	44 238
	Contributions for UIF, pensions and medical aids	143 396	127 231
	Travel, motor car, telephone, assistance and other allowances	192 848	57 193
	Skills Development Levy and Training	8 128	6 830
	Total	<u>909 185</u>	<u>758 274</u>
	Included in remuneration of the Director Community Services is also the allowance for acting as Municipal Manager during current financial year		
	Remuneration of the previous Director Financial Services: U BAARTMAN		
	Annual Remuneration	147 805	475 228
	Performance Bonus		
	Bonus	14 175	37 500
	Contributions for UIF, pensions and medical aids	39 062	121 769
	Housing Subsidy	30 823	103 199
	Travel, motor car, telephone, assistance and other allowances	53 784	81 393
	Skills Development Levy and Training	2 550	7 207
	Total	<u>288 218</u>	<u>826 295</u>
	Remuneration of the current Director Financial Services: M BOLTON		
	Annual Remuneration	498 064	-
	Performance Bonus	-	-
	Bonus		-
	Contributions for UIF, pensions and medical aids	98 461	-
	Housing Subsidy		-
	Travel, motor car, telephone, assistance and other allowances	89 220	-
	Skills Development Levy and Training	5 708	-
	Total	<u>691 453</u>	<u>-</u>
	Included in remuneration of the Director Financial Services is also the allowance for acting as Municipal Manager during current financial year		

27	REMUNERATION OF COUNCILLORS	R	R
	P Bok	171 764	333 839
	Goedeman	563 129	405 286
	Witbooi	529 238	357 152
	MJ Smith	224 216	195 315
	DD Jenner	5 403	195 315
	G Stephan	224 216	329 716
	JG Bock	-	227 977
	A Sinyamba	224 216	316 600
	F Bam	529 238	357 152
	EL Masingqi	224 216	195 315
	WH Nel	563 129	374 661
	IF Julies	145 200	195 315
	JM Kriel	-	85 383
	C vd Westruis	529 238	357 152
	EC Harris	-	134 774
	B Owies	90 047	184 208
	AGM Julies	224 216	123 347
	J Botha	698 694	272 219
	W Fortuin	216 337	-
	YS Cloete	117 511	-
	B Julies	21 386	-
	Total Councillors' Remuneration	5 301 394	4 640 726
	Remuneration of councillors can be summarised as follows:		
	Salaries	4 051 491	3 491 383
	Housing Subsidy	-	-
	Travel, motor car, telephone, assistance and other allowances	714 848	831 847
	Contributions for UIF, pensions and medical aids	535 054	317 496
	Total Councillors' Remuneration	5 301 393	4 640 726
	Mayor	698 694	588 939
	Deputy Mayor	563 129	480 795
	Speaker	563 129	508 866
	Mayoral Committee	1 587 714	1 262 517
	Councillors	1 888 727	1 799 609
	Total Councillors' Remuneration	5 301 393	4 640 726
	In-kind Benefits		
	The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council.		
28	DEBT IMPAIRMENT		
	Trade Receivables from exchange transactions - Note 15	4 893 648	3 685 211
	Trade Receivables from non-exchange transactions	506 007	33 431
	VAT Portion of Provision - note 9	(250 290)	(106 302)
	Total Contribution to Debt Impairment	5 149 364	3 612 340
29	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	11 470 426	12 597 161
	Intangible Assets	50 164	50 164
	Total Depreciation and Amortisation	11 520 591	12 647 326
30	IMPAIRMENTS LOSS/(REVERSAL OF IMPAIRMENT LOSS)		
	Property, Plant & Equipment	(23 019)	62 958
	Total Impairments	(23 019)	62 958
31	FINANCE CHARGES		
	Long-term Liabilities	4 089 333	4 654 706
	Landfill Sites	1 653 979	1 582 109
	Post Employment Health	1 560 087	1 385 775
	Long service awards	275 707	212 434
	Interest paid on arrear account	83 963	223 811
		7 663 069	8 058 835
	Less: Borrowing Cost Capitalised (Refer note 10 PPE)	-	(40 148)
	Total Finance Charges	7 663 069	8 018 687
32	REPAIRS AND MAINTENANCE		
	Repairs and Maintenance	11 772 335	12 661 558
	Total Repairs and Maintenance	11 772 335	12 661 558
33	BULK PURCHASES		
	Electricity	62 190 521	55 699 511
	Water	4 638 415	4 006 217
	Total Bulk Purchases	66 828 936	59 705 727
34	GRANTS AND SUBSIDIES		
	Donations General	2 619	50 750
	Life Guards	126 260	55 455
	Poverty Alleviation	9 172	15 154
	Tourism	742 000	700 000
	Sport development	-	15 000
	Total Grants and Subsidies	880 051	836 359

	2014 R	2013 R
35 GENERAL EXPENSES		
Advertisements	202 314	218 439
Aqua Kultuur	134 821	
Audit Committee Fees	11 410	41 737
Audit Fees	1 445 986	1 358 122
Bank Charges	364 159	342 672
Cleaning Material	112 034	102 293
Commission Paid	1 055 728	887 240
Computer Charges	488 211	764 608
Consulting fees	697 820	545 474
Contributions	46 837	-
Development Programmes	236 510	167 632
Embellishment of Towns	5 000	1 990
Entertainment Costs	-	37 849
Gas	69 241	64 108
Information Signs	28 140	33 198
Insurance	812 737	1 561 491
Namakwa fees	60 478	-
Photocopies	33 662	27 437
Postage	59 086	30 413
Printing and Stationary	750 666	879 349
Public Entertainment	69 654	95 032
Rental	99 753	87 673
Security Costs	579 768	656 945
Service Connection Fees	328 213	618 024
Services	135 122	111 995
Subscription Fees	706 260	611 265
Survey Costs	29 200	6 150
Telephone	1 139 983	1 378 628
Training Costs	81 369	158 265
Travel and Subsistence	1 057 372	1 595 336
Valuation Costs	49 542	217 056
Rental external networks-IT	1 297 871	1 368 496
Housing Top Structure	-	4 884 474
Other	2 355 875	2 518 783
Prodiya payments	263 426	194 300
General Expenses	<u>14 808 249</u>	<u>21 566 464</u>

36 CORRECTION OF ERROR IN TERMS OF GRAP 3

- 36.01**
- (a) Correction of 2012/13 Capitalised restauration cost due to iGRAP2 with the following entries : Dt Accumulated Surplus (Loss on Disposal of PPE) R902 373.06 , Dt Capitalised Restauration Cost R505 911.47, (Ct) Prvision Landfill Sites R1 408 284.53
 - (b) Correction of 2012/13 Capitalised restauration cost due to iGRAP2 with the following entries : (Ct) Accumulated Surplus (Sundry Income) R710 613.05, (Ct) Capitalised Restauration Cost R69 7671.49, (Dt) Provision landfill Sites R1 408 284.54
 - (c) Correction of Payables from Exchange transactions opening balance 2012/2013 due to provision journal not reversed after year end. The following entries were passed to correct : (Dt) Sundry creditors, R156 765.95, (Ct) Ac Surplus opening opening balance R156 765.95
 - (d) Correction of Unpaid Conditional grants and receipts, debtor incorrectly raised. This is corrected with the following entries, (Dt) Acc Surplus opening balance, R50 000, (Ct) Receivables from Non-exchange transactions, R50 000
 - (e) Correction of Payables from Exchange transactions- opening balance 2012/13 - back pay regarding prior years only paid in 2013/14. This was corrected with following entries, (Dt) Acc Surplus opening balance (Employee related Costs), R 84 989.28, (Ct) Payables from Exchange transactions R84 989.28
 - (f) Correction of Employee related Costs 2012/2013- back pay regarding the 2012/13 financial year only paid during 2013/14. This was corrected with following entries (Dt) Acc Surplus 2012/13(Employee related Costs), R168 197.06, (Ct) Payables from exchange Transactions R168 197.06
 - (g) First time recognition of Other Assets at cost as at 1 July 2007, with the following entries: (Dt) Property Plant & Equipment, R92 985.12, (Ct) Acc Surplus opening balance R92 985.12
 - (h) First time recognition of Other Assets Accumulated Depreciation as at 1 July 2007, with the following entries (Dt) Accumulated Surplus Opening balance, R32 699.98, (Ct) Accumulated Depr Other Assets R32 699.98
 - (i) Correction of Depreciation 2012/13, due to first time recognition of Other assets with the following entries, (Dt) Accumulated Surplus 2012/2013, R5854.49, (Ct) Acc Depreciation Other Assets, R5854.49

- (j) Correction of Inventory-Housing stock opening balance, houses transferred to owners during prior years. This is corrected with the following entries, (Dt) Accumulated Surplus opening balance R951 625.46, (Cr) Inventory- Housing stock, R951 625.46
- (k) Correction of Investment Property at cost and fair value adjustments due to assets sold prior year. This is corrected with the following entries, (Dt) Accumulated Surplus 2012/2013 R780 000, (Cr) Investment Property R780 000
- (l) Correction of Investment property opening balance 2012/2013, properties sold prior years, with the following entries: (Dt) Accumulated Surplus opening balance R1 056 500, (Cr) Investment Property R1 056 500
- (m) First time recognition of Investment Property as at 1 July 2007, with the following entries (Dt) Investment Property, R2 908 950 , (Cr) Accumulated Surplus opening balance R2 908 950
- (n) First time recognition of Property Plant and Equipment : Land&Buildings as at 1 July 2007, with the following entries (Dt) Property Plant and Equipment- Land&Buildings R1 605 260, (Cr) Acc Surplus opening balance R1 605 260
- (o) First time recognition of Acc Depr Property Plant and Equipment: Land&Buildings as at 1 July 2007, with the following entries(Dt) Accumulated Surplus opening balance, R40 736, (Cr) Acc Depr Land&Buildings R40 073
- (p) First time recognition of Annual Depreciation Property Plant&Equipment: Land&Buildings 2012/2013, with the following entries(Dt) Acc Surplus 2012/2013 R7 926.11, (Cr) Acc Depreciation Land &Buildings R7 926.11
- (q) Correction of Property Plant & Equipment Land&Buildings opening balance, property sold during prior years. This is corrected with following entries, (Dt) Acc Surplus opening balance R500, (Cr) Land&Buildings at Cost opening balance R500, (Dt) Acc Depreciation Land&Buildings opening balance R65, (Cr) Acc Surplus opening balance R65
- (r) Correction of Property Plant & Equipment Community assets at cost opening balance, property sold during prior years. This is now corrected with the following entries, (Dt) Acc Surplus opening balance R545 300, (Cr) Property Plant and Equipment Community Assets at cost opening balance R545 300
- (s) First time recognition of Property Plant & Equipment Community assets at Cost 1 July 2007, with the following entries, (Dt) Property Plant & Equipment opening balance Community assets, R1 289 000, (Cr) Acc Surplus opening balance R1 289 000
- (t) First time recognition of Acc Depreciation Community Assets as at 1 July 2007, with the following entries, (Dt) Acc Surplus opening balance R2 112, (Cr) Acc Depreciation Community assets opening balance R2 112
- (u) First time recognition of Acc Depreciation 2012/13 Community Assets 2012/2013 with the following entries (Dt) Acc Surplus 2012/2013, R528 (Cr) Acc Depreciation Community Assets R528
- (v) Correction of Receivables from Non-exchange transactions due to understatement of estimate fine provision 2012/2013, this now corrected with the following entries (Dt) Receivables form non exchange transactions R62 782, (Cr) Acc Surplus (Fine Income) 2012/2013 R62 782
- (w) Correction of error Intangible Assets at Cost and Accumulated Appreciation, due to items incorrectly capitalised with the following entries: (Dt) Acc Surplus Prior Year R568 548.01, (Cr) Intangible assets at Cost R568 548.01, (Dt) Accumulated Amortisation Intangible assets R240 695.39, (Cr) Acc Surplus Prior year R202 782.42 and (Cr) Acc Surplus 2012/13 R37 912.98
- (x) Correction of error Fair Value Adjustments 2012/13 - Fair value adjustment for first time recognition of Investment property not accounted for. This is now corrected with the following entry : (Dt) Investment Property R333 250, (Cr) Accumulated Surplus 2012/13(Fair Value adjustments) R333 250

	2013 R	2012 R
36.02 Accumulated Surplus(Deficit)		
Balance previously reported	336 428 707	295 742 295
Correction of Capitalised Restauration Costs 2012/13, see note 36.01(a)	(902 373)	-
Correction of Capitalised Restauration Costs 2012/2013, see note 36.01(b)	710 613	-
Correction of Payables from exchange transactions opening balance , Sundry creditors, see note 36.01 (c)	156 766	156 766
Correction of Receivables from non-exchange transactions opening balance, see note 36.01(d)	(50 000)	(50 000)
Correction of Payables from exchange transactions opening balance 2012/2013, see note 36.01(e)	(84 989)	(84 989)
Correction of Payables from exchange transactions-Employee related costs 2012/2013, see note 36.01(f)	(168 197)	-
Correction of Property Plant and Equipment-Other Assets opening balance - see note 36.01(g)	92 985	92 985
Correction of Accumulated Depreciation Other Assets opening balance - see note 36.01(h)	(32 700)	(32 700)
Correction of Accumulated Depreciation 2012/13 Other Assets - see note 36.01(i)	(5 854)	-
Correction of Inventory opening balance 2012/2013- see note 36.01(j)	(951 625)	(951 625)
Correction of Investment property 2012/2013 - see note 36.01(k)	(780 000)	-
Correction of Investment property opening balance 2012/13 - see note 36.01(l)	(1 056 500)	(1 056 500)
Correction of Investment Property Opening balance 2012/2013- see note 36.01(m)	2 908 950	2 908 950
Correction of Property Plant and Equipment - Land and Buildings at cost opening balance -see note 36.01(n)	1 605 260	1 605 260
Correction of Accumulated Depreciation Land&Buildings opening balance - see note 36.01 (o)	(40 073)	(40 073)
Correction of Accumulated Depreciation Land&Buildings 2012/2013- see note 36.01(p)	(7 926)	-
Correction of Property Plant & Equipment - Land &Buildings at cost opening balance - see note 36.01(q)	(500)	(500)
Correction of Acc Depreciation Land &Buildings opening balance - see note 36.01(q)	65	65
Correction of Property Plant and Equipment Community assets at cost opening balance - see note 36.01(r)	(545 300)	(545 300)
Correction of Property Plant and Equipment Community assets at cost opening balance - see note 36.01(s)	1 289 000	1 289 000
Correction of Acc Depreciation Community Assets opening balance - see note 36.01(t)	(2 112)	(2 112)
Correction of Acc Depreciation Community Assets 2012/13 - see note 36.01(u)	(528)	-
Correction of Receivables from Non-exchange transactions 2012-2013 - see note 36.01(v)	62 782	-
Correction of Intangible Assets at Cost see note 36.01 (w)	(568 548)	(568 548)
Correction of Accumulated Amortisation Intangible Assets Opening balance - see note 36.01(w)	202 782	202 782
Correction of Accumulated Amortisation Intangible Assets 2012/2013 - see note 36.01(w)	37 913	-
Correction of Fair value adjustments 2012/2013 - see note 36.01(x)	333 250	-
Restated Balance	338 631 847	298 665 756

	2013 R	2012 R
36.03 Property Plant and Equipment:Capitalised Restauration cost		
	COST	COST
Balance previously reported Property Plant & Equipment at Cost	497 576 005	463 456 733
Correction of Capitalised Restauration Cost 2012/2013 balance-see note 36.01(a)	(902 373)	-
Correction of Capitalised Restauration Cost 2012/2013 balance-see note 36.01(b)	710 613	-
Correction of Property Plant and Equipment-Other Assets opening balance - see note 36.01 (g)	92 985	92 985
Correction of Property Plant and Equipment - Land and Buildings at cost opening balance -see note 36.01(n)	1 605 260	1 605 260
Correction of Property Plant & Equipment - Land &Buildings at cost opening balance - see note 36.01(q)	(500)	(500)
Correction of Property Plant and Equipment Community assets at cost opening balance - see note 36.01(r)	(545 300)	(545 300)
Correction of Property Plant and Equipment Community assets at cost opening balance - see note 36.01(s)	1 289 000	1 289 000
Restated Balance	<u>499 825 690</u>	<u>465 898 179</u>
	ACC DEPR	ACC DEPR
Balance previously reported Accumulated Depreciation Property Plant & Equipment	102 639 612	95 358 307
Correction of Accumulated Depreciation Other Assets opening balance - see note 36.01(h)	32 700	32 700
Correction of Accumulated Depreciation 2012/13 Other Assets - see note 36.01(i)	5 854	-
Correction of Accumulated Depreciation Land&Buildings opening balance - see note 36.01 (o)	40 073	40 073
Correction of Accumulated Depreciation Land&Buildings 2012/2013- see note 36.01(p)	7 926	-
Correction of Acc Depreciation Land &Buildings opening balance - see note 36.01(q)	(65)	(65)
Correction of Acc Depreciation Community Assets opening balance - see note 36.01(t)	2 112	2 112
Correction of Acc Depreciation Community Assets 2012/13 - see note 36.01 (u)	528	-
Restated Balance	<u>102 728 740</u>	<u>95 433 127</u>
36.04 Payables from exchange transactions	2013 R	2012 R
Balance previously reported	30 151 974	30 151 974
Correction of opening balance 2012/2013- seen note 36.01(c)	(156 766)	(156 766)
Correction of opening balance opening balance 2012/2013- seen note 36.01(e)	84 989	84 989
Correction of 2012/2013 balance - see note 36.01(f)	168 197	-
Restated Balance	<u>30 248 394</u>	<u>30 080 197</u>
36.05 Inventory		
Balance previously reported	2 056 210	2 056 210
Correction of opening balance Housing inventory 2012/2013 - see note 36.01(j)	(951 625)	(951 625)
Restated Balance	<u>1 104 585</u>	<u>1 104 585</u>
36.06 Investment Property		
Balance previously reported	55 085 250	45 067 300
Correction of Investment Property 2012/13- see note 36.01(k)	(780 000)	-
Correction of Investment Property opening balance 2012/2013-see note 36.01(l)	(1 056 500)	(1 056 500)
Correction of Investment Property opening balance 2012/2013 - se enote 36.01(m)	2 908 950	2 908 950
Correction of Investment Property 2012/13 - see note 36.01(x)	333 250	-
Restated Balance	<u>56 490 950</u>	<u>46 919 750</u>
36.07 Receivables from non-exchange transactions		
Balance previously reported	3 854 652	3 854 652
Correction of Receivables from non-exchange transactions 2012/13-see note 36.01(v)	62 782	-
Correction of Suspence debtors see note 36.01(d)	(50 000)	(50 000)
Restated Balance	<u>3 867 434</u>	<u>3 804 652</u>
36.08 Intangible Assets	COST	COST
Balance previously reported for Intangible assets at Cost	1 341 554	1 320 162
Correction of Intangibles at Cost see note 36.01(w)	(568 548)	(568 548)
Restated Balance	<u>773 006</u>	<u>751 614</u>
	ACC AMORTISATION	ACC AMORTISATION
Balance previously reported for Accumulated Amortisation: Intangibles	539 377	451 300
Correction of Accumulated Amortisation Opening balance - see note 36.01(w)	(202 782)	(202 782)
Correction of Accumulated Amortisation 2012/13 - see note 36.01(w)	(37 913)	-
Restated Balance	<u>298 682</u>	<u>248 517</u>

37	RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS	2014 R	2013 R
	Surplus/(Deficit) for the year	25 202 801	39 919 045
	Adjustments for:		
	Depreciation and Amortisation	11 520 591	12 647 326
	Gain on disposal of property, plant and equipment	(959 697)	-
	Finance Charges	1 653 979	1 582 109
	Grants received	77 432 975	91 221 736
	Grants recognised as revenue	(72 592 936)	(95 674 994)
	Debt Impairment	5 149 364	3 612 340
	Bad Debts Written off	(3 590 769)	(1 609 944)
	Contribution from/to employee benefits - non-current	3 172 750	2 892 754
	Contribution from/to employee benefits - non-current - expenditure incurred	(991 741)	(957 572)
	Actuarial Losses	970 426	25 071
	Actuarial Gains	-	(1 085 869)
	Contribution to employee benefits – current	4 590 405	3 879 783
	Contribution to employee benefits – current - expenditure incurred	(4 187 159)	(4 056 741)
	Surplus recognised on changes in landfill site provision estimates	(523 981)	(710 613)
	Impairment written off	-	62 958
	Impairment reversal	(23 019)	-
	Operating lease income accrued	1 073	4 838
	Operating lease expenses accrued	(0)	(3 059)
	Loss on disposal of Property, Plant and Equipment	607 916	4 670 100
	Fair value adjustments	(2 994 444)	(9 571 200)
	Transfer from DMA	-	-
	Operating Surplus before changes in working capital	44 438 533	46 848 067
	Changes in working capital	(13 949 855)	2 925 869
	Increase in Payables from Exchange Transactions	(10 619 450)	7 879 998
	Increase in Unspent Public Contributions	-	-
	Increase/(Decrease) in Taxes	2 250 384	(370 013)
	(Increase)/Decrease in Inventory	528 574	329 082
	(Increase)/Decrease in Receivables from Exchange Transactions	(4 784 554)	(4 563 669)
	(Increase)/Decrease in Receivables from Non-Exchange Transactions	(1 324 809)	(349 529)
	(Increase)/Decrease in Unpaid Public Contributions	-	-
	Cash generated/(absorbed) by operations	30 488 678	49 773 935
	38 CASH AND CASH EQUIVALENTS	2014 R	2013 R
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Cash Floats - Note 18	6 800	6 800
	Bank - Note 18	3 442 099	2 311 956
	Bank Overdraft - Note 18	(750 056)	-
	Total cash and cash equivalents	2 698 842	2 318 756
	39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 38	2 698 842	2 318 756
	Less:	8 483 401	3 647 122
	Unspent Committed Conditional Grants - Note 8	6 338 933	1 980 364
	VAT Payable - Note 9	2 144 468	1 666 759
	Net cash resources available for internal distribution/(resources utilised for internal distribution)	(5 784 559)	(1 328 366)
	40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 2	34 528 602	40 583 320
	Used to finance property, plant and equipment - at cost	(34 528 602)	(40 583 320)
	Cash invested for repayment of long-term liabilities	-	-

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

		2014 R	2013 R		
41	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED				
41.1	Unauthorised expenditure				
	Reconciliation of unauthorised expenditure:				
	Opening balance	74 600 211	61 674 600		
	Unauthorised expenditure current year - capital	-	9 459 650		
	Unauthorised expenditure current year - operating	-	3 465 962		
	Written off/Condoned by council on 26 June 2014	(74 600 211)	-		
	Transfer to receivables for recovery	-	-		
	Unauthorised expenditure awaiting authorisation by municipal council	-	74 600 211		
	Incident				
	Disciplinary steps/criminal proceedings				
	Over expenditure on votes	-	11 597 245		
	Utilisation of grant monies for operational expenditure	-	1 328 366		
		-	12 925 612		
		2014 R (Actual)	2014 R (Budget)		
		2014 R (Variance)	2014 R (Unauthorised)		
	Unauthorised expenditure current year - capital				
	COMMUNITY SERVICES	348 135	5 724 107	-5 375 972	-
	CORPORATE SERVICES	521 265	675 000	-153 735	-
	EXECUTIVE AND COUNCIL	2 132 115	2 800 000	-667 885	-
	FINANCE	189 972	350 000	-160 028	-
	TECHNICAL SERVICES	23 776 875	33 574 683	-9 797 808	-
		26 968 362	43 123 790	-16 155 428	-
	Unauthorised expenditure current year - operating				
	COMMUNITY SERVICES	28 658 614	31 549 155	-2 890 541	-
	CORPORATE SERVICES	15 925 807	15 505 345	420 462	-
	EXECUTIVE AND COUNCIL	14 133 314	15 183 721	-1 050 407	-
	FINANCE	25 907 600	26 021 522	-113 922	-
	TECHNICAL SERVICES	117 619 649	120 535 191	-2 915 542	-
		202 244 984	208 794 934	-6 549 949	-
				2014 R	2013 R
41.2	Fruitless and wasteful expenditure				
	Reconciliation of fruitless and wasteful expenditure:				
	Opening balance			613 189	613 189
	Fruitless and wasteful expenditure current year			-	-
	Condoned by Council on 26 June 2014			(613 189)	-
	Transfer to receivables for recovery			-	-
	Fruitless and wasteful expenditure awaiting further action			-	613 189
	Incident				
	Disciplinary steps/criminal proceedings				
	SARS interest and penalties relating to VAT			-	613 189
				-	613 189
41.3	Irregular expenditure				
	Reconciliation of irregular expenditure:				
	Opening balance			39 081 620	39 081 620
	Irregular expenditure current year			-	-
	Condonement supported by Council on 26 June 2014			(39 081 620)	-
	Transfer to receivables for recovery			-	-
	Condonement supported by council			-	-
	Irregular expenditure awaiting further action			-	39 081 620
	Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.				
41.4	Material Losses				
	Water distribution losses				
	- Kilo litres disinfected/purified/purchased			-	4 557 616
	- Kilo litres lost during distribution			-	1 583 850
	- Percentage lost during distribution			not material	34.75%
	Electricity distribution losses				
	- Units purchased (Kwh)			80 090 501	78 511 323
	- Units lost during distribution (Kwh)			16 173 480	17 701 957
	- Percentage lost during distribution			20.19%	22.55%
				2014 R	2013 R
41.5	Non-Material Losses				
	Water distribution losses				
	- Kilo litres purchased			4 059 156	-
	- Kilo litres lost during distribution			410 907	-
	- Percentage lost during distribution			10.12%	-
42	Additional disclosures in terms of Municipal Financial Management Act				
42.1	Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS				
	Opening balance			-	-
	Council subscriptions			701 064	582 400
	Amount paid - current year			(701 064)	(582 400)
	Amount paid - previous years			-	-
	Balance unpaid (included in creditors)			-	-

	2014 R	2013 R
42.2 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	-	684 697
Current year audit fee	1 648 425	1 399 859
External Audit - Auditor-General Audit Committee	1 648 425	1 358 122
	-	41 737
Amount paid - current year	(1 648 425)	(2 084 556)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
42.3 VAT - [MFMA 125 (1)(b)]		
Opening balance	(389 596)	339 377
Amounts received - current year	(3 072 826)	(2 413 802)
Amounts paid - current year	951 835	1 975 627
Amounts (received)/paid - previous years	389 596	(389 376)
Amounts claimed - current year	1 752 260	48 578
Closing balance - (Payable)/Receivable	(368 731)	(389 596)
VAT in suspense due to cash basis of accounting		
Input VAT	1 142 259	2 914 933
Output VAT	(1 775 737)	(1 277 162)
Claimable	(633 478)	1 637 771

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

42.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	645 199
Current year payroll deductions and Council Contributions	8 736 318	8 070 165
Amount paid - current year	(8 021 812)	(8 715 364)
Balance unpaid (included in creditors)	714 506	-

42.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	17 516 896	16 142 587
Amount paid - current year	(17 516 896)	(16 142 587)
Balance unpaid (included in creditors)	-	-

42.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]	Outstanding more than 90 days	Outstanding more than 90 days
The following Councillors had arrear accounts for more than 90 days as at 30 June:		
Councillor F Bam	-	313
Councillor DS Goedeman	-	18 575
Councillor WH Nell	-	35 656
Councillor EL Mqinqqi	45 958	492
Councillor M J Smith	1 127	-
Councillor C v/d Westruis	794	-
Councillor A Sinyamba	594	-
Councillor J Stephan	1 482	-
Councillor PG Bok	1 712	-
Total Councillor Arrear Consumer Accounts	51 608	55 036

42.7 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation (36)(1)(a) & (b)	Single Supplier R	Sec 35 R	Emergency R	Total R
Jul-13	261 860	40 245	33 516	335 621
Aug-13	352 739	41 764	256 327	650 829
Sep-13	303 835	5 775	141 648	451 258
Oct-13	395 927	20 644	700 128	1 116 698
Nov-13	217 994	12 068	153 094	383 156
Dec-13	134 111	6 511	130 790	271 412
Jan-14	277 968	20 264	72 700	370 933
Feb-14	232 627	28 980	232 998	494 605
Mar-14	261 026	-	223 032	484 059
Apr-14	233 578	20 514	138 491	392 583
May-14	80 077	-	48 000	128 077
Jun-14	263 799	-	361 696	625 495
	3 015 542	196 765	2 492 420	5 704 727

42.8 Regulation 45 : Particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months:

Employee Name	Position in service of the state	Relationship	Amount
A Mc Kinnon	Senior klerk/Cassier	Husband - F Mc Kinnon	3 950

43	CAPITAL COMMITMENTS	2014	2013
		R	R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:		
	Infrastructure	6 191 668	6 187 356
		<u>6 191 668</u>	<u>6 187 356</u>
	This expenditure will be financed from:		
	Government Grants	6 191 668	6 187 356
	External Loans	-	-
		<u>6 191 668</u>	<u>6 187 356</u>

44	FINANCIAL RISK MANAGEMENT	2014	2013
		R	R
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
	(a) Foreign Exchange Currency Risk		
	The Municipality does not engage in foreign currency transactions.		
	(b) Price risk		
	The Municipality is not exposed to price risk.		
	(c) Interest Rate Risk		
	As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
	The Municipality did not hedge against any interest rate risks during the current year.		
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:		
	1% (2012 - .1%) Increase in interest rates	(378 497)	(446 948)
	0.5% (2012 - 0.5%) Decrease in interest rates	189 249	223 474
	(d) Credit Risk		
	Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.		
	Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.		
	Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors 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		
	All rates and services are payable within 30 days from invoice date. Refer to note 15 and 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.		
	Receivables of R4 million are pledged as security for financial liabilities.		
	Due to the short term nature of receivables the carrying value disclosed in note 15 and 16 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.		

	2014	2014	2013	2013
	%	R	%	R
The provision for bad debts could be allocated between the different classes of debtors as follows:				
<u>Non-Exchange Receivables</u>				
Rates	11.46%	2 576 722	9.67%	1 999 470
Fines	0.93%	208 260	0.00%	-
Long Term Receivables	4.94%	1 109 431	7.39%	1 528 319
	<u>17.32%</u>	<u>3 894 413</u>	<u>17.07%</u>	<u>3 527 789</u>
<u>Exchange Receivables</u>				
Service Charges	82.68%	18 584 882	82.93%	17 142 621
	<u>100.00%</u>	<u>22 479 295</u>	<u>100.00%</u>	<u>20 670 410</u>

	2014 %	2014 R	2013 %	2013 R
The provision for bad debts could be allocated between the different categories of debtors as follows:				
Water	19.39%	4 357 828	18.45%	3 813 861
Electricity	4.41%	990 398	4.69%	968 648
Rates	7.67%	1 724 725	7.86%	1 623 831
Rental	0.21%	46 336	0.20%	41 578
Refuse	13.14%	2 953 153	11.39%	2 354 236
Sewerage	18.19%	4 089 503	16.36%	3 380 732
Other exchange	15.56%	3 497 934	14.91%	3 081 584
Loans	2.29%	515 753	4.33%	895 187
Other debtors	2.64%	593 678	3.06%	633 132
Fines	0.93%	208 260	0.00%	-
Top 50 debtors	13.71%	3 082 325	14.66%	3 029 782
Government debtors	0.07%	16 098	0.06%	12 240
Indigent debtors	1.79%	403 304	4.04%	835 598
	100.00%	22 479 295	100.00%	20 670 409
Bad debts written off per financial asset class:				
	2014 %	2014 R	2013 %	2013 R
Financial instruments at amortised cost	100.00%	3 590 769	100.00%	1 609 944
	100.00%	3 590 769	100.00%	1 609 944
Balances past due not impaired:				
	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates	7%	1 133 516	12%	1 758 272
	7%	1 133 516	12%	1 758 272
<u>Exchange Receivables</u>				
Service Charges	93%	15 440 086	88%	12 499 058
	100%	16 573 602	100%	14 257 330

As at 30 June 2014, trade receivables of R 9 711 642 (2013: R8 793 770) were fully performing

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

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

Long-term Receivables, Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions are individually evaluated annually at year end for impairment.

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	515 754	895 186
Receivables from exchange transactions	23 479 480	19 886 897
Receivables from non-exchange transactions	4 406 732	3 867 434
Cash and Cash Equivalents	3 448 899	2 318 756
Unpaid conditional grants and subsidies	-	481 470
	31 850 864	27 449 743

(e) **Liquidity Risk**

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

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

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

		Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years
2014					
	Non-current Provisions	-	12 613 363	23 838 972	23 505 971
	Capital	-	10 305 680	15 436 872	10 409 224
	Interest	-	2 307 683	8 402 100	13 096 747
	Long Term liabilities	9 788 445	32 901 228	20 986 499	-
	Payables from Exchange Transactions	16 212 960	-	-	-
	Unspent conditional government grants and receipts	6 338 933	-	-	-
		32 340 358	45 514 591	44 825 471	23 505 971
2013					
	Non-current Provisions	-	38 730 402	-	-
	Capital	-	35 129 617	-	-
	Interest	-	3 600 786	-	-
	Long Term liabilities	10 633 567	36 517 167	25 688 158	-
	Payables from Exchange Transactions	27 760 553	-	-	-
	Unspent conditional government grants and receipts	1 980 364	-	-	-
		40 374 484	75 247 570	25 688 158	-
				2014	2013
45	FINANCIAL INSTRUMENTS			R	R
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:				
45.1	Financial Assets				
	Financial instruments at amortised cost				
	Long-Term Receivables			159 969	258 666
	Receivables from exchange transactions			23 479 480	19 886 897
	Current Portion of Long-term Receivables			355 785	636 520
	Cash and Cash Equivalents			3 448 899	2 318 756
	Unpaid Conditional Grants			-	481 470
	Total carrying amount of financial assets			27 444 132	23 582 309
45.2	Financial Liability				
	Financial instruments at amortised cost				
	Long-term Liabilities			34 528 602	40 583 320
	Payables from exchange transactions			19 316 928	30 086 278
	Unspent Conditional Government Grants and Receipts			6 338 933	1 980 364
	Current Portion of Long-term Liabilities			6 013 185	6 423 474
	Cash and Cash Equivalents			750 056	-
	Unspent Public Contributions			-	-
				66 947 704	79 073 436
46	EVENTS AFTER THE REPORTING DATE				
	No such instances				

47 IN-KIND DONATIONS AND ASSISTANCE

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

48 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

49 CONTINGENT LIABILITIES

The municipality does not have a permit or license for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.

Council currently has a dispute with the Bargaining Council with regards to the grading of the municipality. TASK was implemented on the current grading, with the condition that back-pay will be paid out to employees eligible if the Bargaining council approves the higher grading. Therefore an amount of R1,918,566.79 was calculated as possible back pay due in 2013/14

Attorneys of the municipality, Bradley Conradie Attorneys are busy with an application in the Labour Court, Cape Town to set aside the SALGBC Arbitration award / ruling in 2013/14 in favour of applicant, ms N Majordana and the municipality might potentially be liable costs of around R77 279 which includes R50 000 in legal fees

The municipality has taken a High Court Judgement on appeal in July of 2014 to set aside the appointment of Dr Rankawana as the municipality's municipal manager with a potential financial exposure of around R1.3 million and R350 000.00 in legal fees

Attorneys of the municipality, Swanepoel and Swanepoel Attorneys are busy with an application in the Labour Court, Port Elizabeth to dismiss the review a late 2 year old application outside of the court rules, filed under the case between Matzikama Municipality and Fred Dennis (case no P33/13) in 2013/14 with the highly unlikely potential of the municipality being liable for costs (unknown at this stage) of around R 500 000.00

The municipality commenced in the latter part of 2013/14 with the audit (moderation) of the outcome of 25 job descriptions being appealed with the potential of either higher or lower task gradings. The audit will only be finalised during 2014/15 by Deloitte of which the outcome is unknown and management not being able to place a value to the appeal outcomes but can provide for any potential financial exposure in 2014/15's adjusted budget.

50 RELATED PARTIES

50.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

50.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

50.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

<i>Supplier</i>	<i>Relationship</i>	<i>Department</i>	<i>Amount</i>
Autopage Cellular	Owner: Husband - Lize Kleinhans	Budget & Treasury	384 484
H D Meyer	Owner: Husband - Heleen Meyer	Budget & Treasury	5 985
K C Verkoeling	Owner: Husband - Liefie van Wyk	Budget & Treasury	7 067
Total			<u>397 537</u>

51 FINANCIAL SUSTAINABILITY

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

Financial Indicators

The current ratio improved to 0.72:1 from 0.61:1 in the prior year.

The municipality have budgeted for a surplus of R30 570 679 for the 2013/2014 financial year. The municipality is also budgeting for positive cash flows during 2014/2015 and 2015/2016 amounting to R4 980 000 and R 18 606 000 respectively.

The payables on exchanges transactions decreased from 2012/2013 to 2013/14 with R11 094 195

Other Indicators

Possible outflow of resources due the contingent liabilities disclosed in note 50.