

SARAH BAARTMAN DISTRICT MUNICIPALITY

**Financial statements
for the year ended 30 June 2015**

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

General Information

<u>Legal form of Entity</u>	District Municipality (DC10)
<u>Jurisdiction</u>	Sarah Baartman District
<u>Name change of the municipality</u>	The name of the municipality was changed from Cacadu District Municipality to Sarah Baartman District Municipality (effective 1 September 2014)
<u>Nature of business and principal activities</u>	Municipal services
<u>Registered office</u>	32 Govan Mbeki Ave Standard Bank Building Port Elizabeth 6001
<u>Postal address</u>	P O Box 318 Port Elizabeth 6000
<u>Mayoral committee</u>	
Executive Mayor	K E Kekana (Ms)
Councillors	V M Balura N N Pieters (Ms) N Vanda (Ms) Y P Vara (Ms) N J O'Connel
<u>Accounting Officer</u>	D M Pillay
<u>Chief Finance Officer (CFO)</u>	D J De Lange
<u>Preparer</u>	The financial statements were internally compiled by: R N Lorgat
<u>Auditors</u>	Office of the Auditor-General

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Financial Statements for the year ended 30 June 2015

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Abbreviations

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

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Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on page 4 to 63, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2015 and signed hereunder.



Municipal Manager
31 August 2015

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

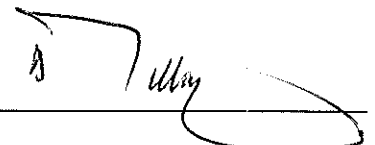
Figures in Rand	Note(s)	2015	2014 Restated
Assets			
Current Assets			
Receivables from exchange transactions	4	432 020	391 682
Receivables from non-exchange transactions	5	792 956	542 434
VAT receivable	6	2 800 552	2 694 570
Deposits paid	7	15 410	15 410
Short-term investments	8	171 000 000	125 000 000
Cash and cash equivalents	9	85 303 098	129 433 670
		260 344 036	258 077 766
Non-Current Assets			
Investment property	10	25 962 500	25 597 500
Property, plant and equipment	11	27 990 792	28 735 719
Intangible assets	12	86 885	86 885
Heritage assets	13	35 028 000	34 033 500
Long-term receivables	14	182 480	231 872
		89 250 657	88 685 476
Total Assets		349 594 693	346 763 242
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	28 716 414	18 520 336
Long-term portion of post employment medical benefit	16	3 897 396	3 983 870
Unspent conditional grants and receipts	17	9 019 986	12 856 423
Provisions	18	414 248	789 305
		42 048 044	36 149 934
Non-Current Liabilities			
Long-term portion of infrastructure levies	15	1 022 570	950 861
Long-term portion of post employment medical benefit	16	61 490 613	58 018 431
		62 513 183	58 969 292
Total Liabilities		104 561 227	95 119 226
Total assets less liabilities		245 033 466	251 644 016
Net Assets			
Reserves			
Revaluation reserve	19	77 764 901	76 509 935
Accumulated surplus	20	167 268 565	175 134 081
Total Net Assets		245 033 466	251 644 016

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated
Revenue			
Rental of facilities and equipment	21	1 208 685	1 051 242
Government grants & subsidies	22	93 055 282	96 149 936
		94 263 967	97 201 178
Other income			
Reduction in provision for debt impairment	5	806 679	21 937 154
Actuarial gain on post employment medical benefit	16	-	2 936 737
Fair value adjustments	10	365 000	1 107 499
Income from agency services	21	41 669	40 217
Investment interest	21	17 261 678	14 767 367
Other revenue	21	1 098 296	3 331 363
Impairment reversal	21	73 558	99 808
		19 646 880	44 220 145
Operating expenses			
Actuarial loss on post employment medical benefit	16	(1 261 518)	-
Bad debts written off		(293 303)	-
Conditional grant expenditure	23	(7 173 355)	(14 573 522)
Contracted services		(3 234 332)	(4 037 854)
Depreciation	11	(1 505 651)	(1 398 618)
Discounting of post employment medical benefit	16	(5 590 491)	(4 754 022)
Employee costs	24	(45 788 456)	(44 380 649)
Fines and penalties	48	(782 229)	-
General expenses - other	47	(41 899 327)	(52 812 435)
Loss on disposal of assets		(583 551)	(71 237)
Other grants and subsidies paid	23	(13 189 525)	(14 353 147)
Repairs and maintenance		(474 625)	(640 321)
		(121 776 363)	(137 021 805)
(Deficit) surplus for the year		(7 865 516)	4 399 518

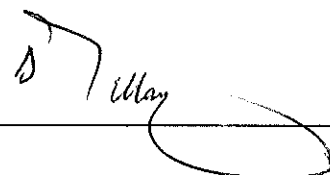


SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	75 851 313	172 258 094	248 109 407
Adjustments			
Prior year adjustments (refer to note 28)	-	(1 523 531)	(1 523 531)
Balance at 01 July 2013 as restated	75 851 313	170 734 563	246 585 876
Changes in net assets			
Revaluation	658 622	-	658 622
Surplus for the year	-	4 399 518	4 399 518
Balance at 01 July 2014 as restated	76 509 935	175 134 081	251 644 016
Changes in net assets			
Revaluation	1 254 966	-	1 254 966
Net income (losses) recognised directly in net assets	1 254 966	-	1 254 966
Deficit for the year	-	(7 865 516)	(7 865 516)
Total recognised income and expenses for the year	1 254 966	(7 865 516)	(6 610 550)
Balance at 30 June 2015	77 764 901	167 268 565	245 033 466
Note(s)	19	20	



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Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated
<u>Cash flows from operating activities</u>			
Receipts			
Grants		89 218 845	89 726 783
Interest income		17 261 678	14 767 367
Other receipts		2 758 487	25 950 908
		<u>109 239 010</u>	<u>130 445 058</u>
Payments			
Employee costs		(46 163 513)	(44 657 562)
Cash paid to suppliers		(19 597 212)	(26 527 350)
Finance costs		(782 229)	-
Other payments		(35 942 667)	(51 958 481)
		<u>(102 485 621)</u>	<u>(123 143 393)</u>
Net cash flows from operating activities	29	<u>6 753 389</u>	<u>7 301 665</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	11	(1 057 748)	(2 746 003)
Proceeds from sale of property, plant and equipment	11	47 499	35 207
Decrease in long term receivables		49 392	(208 942)
Net cash flows from investing activities		<u>(960 857)</u>	<u>(2 919 738)</u>
<u>Cash flows from financing activities</u>			
Repayment of other financial liabilities	16	(3 994 813)	(3 781 481)
Short-term investments		(46 000 000)	38 000 000
Increase in long-term infrastructure levies		71 709	10 405
Net cash flows from financing activities		<u>(49 923 104)</u>	<u>34 228 924</u>
Net increase/(decrease) in cash and cash equivalents		<u>(44 130 572)</u>	<u>38 610 851</u>
Cash and cash equivalents at the beginning of the year		129 433 670	90 822 819
Cash and cash equivalents at the end of the year	9	<u>85 303 098</u>	<u>129 433 670</u>

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Financial Statements for the year ended 30 June 2015

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2015											
Financial Performance											
Investment revenue	11 500 000	-	11 500 000	-	-	11 500 000	17 261 678		5 761 678	150 %	150 %
Transfers recognised - operational	92 375 000	5 007 250	97 382 250	-	-	97 382 250	93 055 282		(4 326 968)	96 %	101 %
Other own revenue	49 833 200	4 073 000	53 906 200	-	-	53 906 200	3 520 329		(50 385 871)	7 %	7 %
Total revenue (excluding capital transfers and contributions)	153 708 200	9 080 250	162 788 450	-	-	162 788 450	113 837 289		(48 951 161)	70 %	74 %
Employee costs	(46 278 100)	(375 000)	(46 653 100)	-	-	(46 653 100)	(39 380 986)		7 272 114	84 %	85 %
Remuneration of councillors	(6 894 000)	(300 000)	(7 194 000)	-	-	(7 194 000)	(6 407 470)		786 530	89 %	93 %
Depreciation and asset impairment	(1 504 700)	-	(1 504 700)	-	-	(1 504 700)	(1 505 651)		(951)	100 %	100 %
Transfers and grants	(21 156 000)	(5 007 250)	(26 163 250)	-	-	(26 163 250)	(22 986 173)		3 177 077	88 %	109 %
Other expenditure	(77 875 400)	(3 398 000)	(81 273 400)	-	-	(81 273 400)	(51 422 525)		29 850 875	63 %	66 %
Total expenditure	(153 708 200)	(9 080 250)	(162 788 450)	-	-	(162 788 450)	(121 702 805)		41 085 645	75 %	79 %
Surplus/(Deficit)	-	-	-	-	-	-	(7 865 516)		(7 865 516)		
Surplus/(Deficit) for the year	-	-	-	-	-	-	(7 865 516)		(7 865 516)		

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Financial Statements for the year ended 30 June 2015

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	(13 731 000)	11 325 900	(2 405 100)	-	-	(2 405 100)	(1 057 748)		1 347 352	44 %	8 %
Sources of capital funds											
Transfers recognised - capital	-	-	-	-	-	-	176 836	176 836			
Internally generated funds	13 731 000	(11 325 900)	2 405 100	-	-	2 405 100	880 912	(1 524 188)		37 %	6 %
Total sources of capital funds	13 731 000	(11 325 900)	2 405 100	-	-	2 405 100	1 057 748	(1 347 352)		44 %	8 %
Cash flows											
Net cash from (used) operating	-	-	-	-	-	-	6 753 389		6 753 389	-	-
Net cash from (used) investing	(13 731 000)	11 325 900	(2 405 100)	-	-	(2 405 100)	(960 857)		1 444 243	40 %	7 %
Net cash from (used) financing	-	-	-	-	-	-	(49 923 104)		(49 923 104)	-	-
Net increase/(decrease) in cash and cash equivalents	(13 731 000)	11 325 900	(2 405 100)	-	-	(2 405 100)	(44 130 572)		(41 725 472)	1 835 %	321 %
Cash and cash equivalents at the beginning of the year	129 433 670	-	129 433 670	-	-	129 433 670	129 433 670		-	100 %	100 %
Cash and cash equivalents at year end	115 702 670	11 325 900	127 028 570	-	-	127 028 570	85 303 098		41 725 472	67 %	74 %

Refer to Note 46 for explanations of variances

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Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of financial statements

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

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

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

1.1 Presentation currency

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

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

1.2 Going concern assumption

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

1.3 Basis of Preparation

Statement of compliance

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

These accounting policies are consistent with the previous period.

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

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

Basis of measurement

The financial statements have been prepared on the accrual basis.

Use of estimates and judgements

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Basis of Preparation (continued)

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

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

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

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

Offsetting

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

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

1.4 Investment property

Initial recognition

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

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

Subsequent measurement - fair value model

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

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

Derecognition

Investment property is derecognised (eliminated from the Statement of Financial Position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Property, plant and equipment

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

Recognition

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

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

Initial measurement

Property, plant and equipment is initially measured at cost.

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

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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

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

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

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Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Depreciation

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

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

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

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

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Property, plant and equipment (continued)

Impairment

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

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

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

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

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

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

Derecognition

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

Gains and losses

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

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Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Intangible assets

An asset is identifiable as an intangible asset when it:

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

Intangible assets are derecognised:

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

1.7 Investments

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

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

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

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Heritage assets

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

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

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

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

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

Impairment

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Heritage assets (continued)

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

1.9 Financial instruments

Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

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

Impairment of financial assets

Impairment losses are recognised in surplus or deficit.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.9 Financial instruments (continued)

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

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

Cash and cash equivalents

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

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

Gains and losses

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

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

Derecognition:

Financial assets

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

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

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

Financial liabilities

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 VAT

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

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

VAT is submitted on a monthly basis to SARS.

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

Measurement

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

Derecognition

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

1.11 Grants, transfers and donations

Unconditional grants and receipts

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

Conditional grants and receipts

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

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

1.12 Leases

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

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

Municipality as the lessor

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.12 Leases (continued)

Municipality as the lessee

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

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

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

1.13 Segmental information

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

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

The standard is not effective in the current year.

1.14 Receivables from exchange and non-exchange transactions

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

1.15 Non-current assets held for sale and disposal groups

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

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

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

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

1.16 Payables from exchange and non-exchange transactions

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.17 Employee benefits

Defined contribution plans

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

Defined benefits

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

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

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

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

Accrued leave pay

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

Other short-term employee benefits

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

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.18 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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

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

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

Provisions are not recognised for future operating deficits.

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

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

1.19 Revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

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

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

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

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

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met, or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the conditions, a liability is recognised.

All other revenue is recognised as it accrues.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.20 Revenue from non-exchange transactions

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

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

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

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

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

1.21 Revenue

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is measured at the fair value of the consideration received or receivable net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the municipality. Revenue is recognised as revenue from exchange transactions and revenue from non-exchange transactions.

1.22 Finance costs

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

1.23 Grants-in-aid

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

When making these transfers, SBDM does not:

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

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.24 Comparative information

Budget information in accordance with GRAP 1 has been provided in the notes to these financial statements.

When the presentation or classification of items in the annual financial statements is amended, the prior period comparative amounts are restated and the nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.25 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of a4n allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act no.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 Irregular expenditure

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

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

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

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

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

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.27 Irregular expenditure (continued)

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

1.28 Unutilised conditional grants

Initial recognition

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

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

Subsequent measurement

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

Derecognition

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

1.29 Revaluation reserve

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.30 Events after reporting date

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

1.31 Effective interest rate

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

1.32 Capital commitments

Capital commitments disclosed in the financial statements represents the balance committed to capital projects at the reporting date that will be incurred subsequent to the reporting date. The capital commitment disclosed identifies awards entered into by the municipality against the capital projects as well as a commitment upon approval of a budget for a capital project.

1.33 Budget information

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

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

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

1.34 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

All transactions with related parties are disclosed.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand 2015 2014

2. Changes in accounting policy

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

3. New standards and interpretations

3.1 Standards and interpretations effective in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that may be relevant to its operations:

<u>Standard/ Interpretation:</u>	<u>Effective date: Years beginning on or after</u>	<u>Expected impact:</u>
GRAP 18: Segment reporting	To be determined	The effects on the financial statements is limited as the standard is being implemented. However, the effective date for municipalities is to be determined by the Minister of Finance.
GRAP 105: Transfers of functions between entities under common control; GRAP 106: Transfers of functions between entities not under common control; GRAP 107: Mergers	1 April 2014	The effects on the financial statements is limited as the application of these standards will only come into effect upon the transfer or merging of functions. The accounting policies will be developed when these standards become applicable to the municipality.

4. Receivables from exchange transactions

Salaries and Wages Debtors	331 808	305 015
Accrued Rent	84 639	73 357
Rental	119 886	69 038
Allowance for impairment	(104 313)	(55 728)
	432 020	391 682

Receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R 288 630 (2014: R 288 430) were past due but not impaired.

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

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand	2015	2014
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4. Receivables from exchange transactions (continued)

Receivables from exchange transactions impaired

As of 30 June 2015, receivables from exchange transactions of R 104 313 (2014: R 55 728) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	12 559	13 009
Over 6 months	91 754	42 719

5. Receivables from non-exchange transactions

General	316 538	981 080
Prepayments	559 800	500 000
Department of Housing (housing scheme)	9 231 380	9 231 380
Allowance for impairment	(9 314 762)	(10 170 026)
	<u>792 956</u>	<u>542 434</u>

The impairment provision was reduced by an amount of R806 679 during the current year which relates mainly to a payment arrangement entered into with Kouga Municipality. In the prior year, the provision was reduced by R21 937 154 which mainly included an amount of R21 987 000 received from National Treasury, which was withheld from the equitable share allocation in 2011/2012.

Receivables from non-exchange transactions past due but not impaired

Receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R 118 264 (2014: R nil) were past due but not impaired.

The amount of R118 264 was owed by Kouga Municipality. Arrangements for further payments was agreed upon and the municipality is honouring the payment arrangements and therefore the amount owed was not impaired.

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

over 365 days	118 264	-
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Receivables from non-exchange transactions impaired

As of 30 June 2015, receivables of R 9 314 762 (2014: R 10 170 026) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	70 417	-
over 365 days	9 244 345	10 170 026

6. VAT receivable

Value added taxation	<u>2 800 552</u>	<u>2 694 570</u>
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All VAT returns have been submitted by their due dates throughout the year.

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand

	2015	2014
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7. Deposits paid

Deposits - Electricity	5 000	5 000
Deposits - Post Office	9 000	9 000
Deposits - Parking Grace Street	1 410	1 410
	15 410	15 410

8. Short-term investments

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

Short-term investments	171 000 000	125 000 000
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9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 100	6 100
Bank balances	978 856	1 471 001
Short-term investments	84 318 142	127 956 569
	85 303 098	129 433 670

Short-term deposits

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

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest.

The fair value of cash and cash equivalents approximates their carrying amounts.

No cash deposits were ceded as collateral.

The return on investments for 2015 fluctuated between 5.56% and 7.49%. (2014: 5.17% and 7%).

Interest on investments accrued	1 318 142	956 569
Short-term investments	75 000 000	103 000 000
Call Account Deposits	8 000 000	24 000 000
Total short-term deposits	84 318 142	127 956 569

Allocation of external investments

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

Post employment medical benefit	65 388 009	62 002 301
Unspent Conditional Grants and Receipts	9 019 986	12 856 423
Infrastructure projects from Levies	1 612 570	1 633 861
Accrued leave pay	1 626 881	2 122 729
Unappropriated surplus	7 655 652	50 818 356
Total	85 303 098	129 433 670

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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9. Cash and cash equivalents (continued)

SBDM has the following bank account

Bank details

ABSA Limited
32 Govan Mbeki Avenue
Port Elizabeth
Current Account (Primary account):
1640-000-062

	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
Bank statement balances						
	3 936 350	4 156 995	8 711 698	978 856	1 471 001	4 979 932
Cash book balances						

SARAH BAARTMAN DISTRICT MUNICIPALITY

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10. Investment property

	2015		2014			
	Valuation	Accumulated depreciation and impairment	Carrying value	Valuation	Accumulated depreciation and impairment	Carrying value
Investment property	25 962 500	-	25 962 500	28 046 500	(2 449 000)	25 597 500

Reconciliation of investment property - 2015

Investment property

Opening balance	25 597 500	Opening balance	25 597 500
Fair value adjustments	365 000	Fair value adjustments	365 000
Total	25 962 500	Total	25 962 500

Reconciliation of investment property - 2014

Investment property

Opening balance	24 559 001	Opening balance	24 559 001
Impairments	(69 000)	Impairments	(69 000)
Fair value adjustments	1 107 499	Fair value adjustments	1 107 499
Total	25 597 500	Total	25 597 500

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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10. Investment property (continued)

Details of valuation

Investment Property was valued at 30 June 2015 and 30 June 2014 on the basis of willing buyer and willing seller determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms by Suid Kaap Waardeerders, a registered and independent valuator. A register is available for inspection at the Sarah Baartman District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth.

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

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

Investment properties are leased mainly to organs of state and the rentals are not market related. The rental revenue received for the year is R17 258 (2014: R16 595).

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

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11. Property, plant and equipment

	2015			2014		
	Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	6 031 000	(858 500)	5 172 500	6 014 000	(858 500)	5 155 500
Buildings	15 395 584	(3 696 084)	11 699 500	15 735 377	(3 628 378)	12 106 999
Specialised plant and machinery	2 111 198	(1 181 953)	929 245	2 121 319	(1 100 066)	1 021 253
Furniture and fixtures	2 298 474	(1 009 892)	1 288 582	2 105 590	(935 362)	1 170 228
Motor vehicles	8 459 721	(3 322 463)	5 137 258	8 295 683	(2 972 939)	5 322 744
Office equipment	2 396 025	(663 398)	1 732 627	2 248 582	(502 196)	1 746 386
Computer equipment	4 171 578	(2 286 434)	1 885 144	4 298 709	(2 244 868)	2 053 841
Bins and containers	98 988	(40 327)	58 661	98 988	(32 392)	66 596
Specialised vehicles	275 159	(187 884)	87 275	275 159	(182 987)	92 172
Total	41 237 727	(13 246 935)	27 990 792	41 193 407	(12 457 688)	28 735 719

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
Land	5 155 500	-	(293 000)	310 000	-	-	-	5 172 500
Buildings	12 106 999	-	(232 440)	(63 033)	(264 426)	-	152 400	11 699 500
Specialised plant and machinery	1 021 253	-	(2 391)	-	(88 163)	(1 454)	-	929 245
Furniture and fixtures	1 170 228	255 315	(12 172)	-	(123 146)	(1 643)	-	1 288 582
Motor vehicles	5 322 744	431 690	(26 765)	-	(590 411)	-	-	5 137 258
Office equipment	1 746 386	181 945	(20 521)	-	(174 539)	(644)	-	1 732 627
Computer equipment	2 053 841	188 798	(43 761)	-	(252 134)	(61 600)	-	1 885 144
Bins and containers	66 596	-	-	-	(7 935)	-	-	58 661
Specialised vehicles	92 172	-	-	-	(4 897)	-	-	87 275
	28 735 719	1 057 748	(631 050)	246 967	(1 505 651)	(65 341)	152 400	27 990 792

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment reversal	Total
Land	4 959 000	-	-	173 500	-	23 000	5 155 500
Buildings	12 267 000	96 236	-	(20 378)	(272 710)	36 851	12 106 999
Specialised plant and machinery	1 108 401	-	(4)	-	(87 144)	-	1 021 253
Furniture and fixtures	1 231 960	136 925	(58 475)	-	(126 986)	(13 196)	1 170 228
Motor vehicles	5 319 640	598 544	(11 424)	-	(584 016)	-	5 322 744
Office equipment	323 962	1 510 236	(1 584)	-	(85 240)	(988)	1 746 386
Computer equipment	1 961 785	404 062	(34 957)	-	(229 689)	(47 360)	2 053 841
Bins and containers	74 532	-	-	-	(7 936)	-	66 596
Specialised vehicles	97 069	-	-	-	(4 897)	-	92 172
	27 343 349	2 746 003	(106 444)	153 122	(1 398 618)	(1 693)	28 735 719

Revaluations

Land and buildings were valued at 30 June 2015 and 30 June 2014 on the basis of willing buyer and willing seller determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms by Suid Kaap Waardeers, a registered and independent valuator. A register is available for inspection at the Sarah Baartman District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

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

Refer appendix A for more details.

Pledged as security

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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11. Property, plant and equipment (continued)

Other information

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

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

12. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	86 885	-	86 885	86 885	-	86 885

Computer software

CQS Software

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

Financial System (APPX)

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

Performance Management System

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

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13. Heritage assets

	2015		2014	
Valuation	Accumulated impairment losses	Carrying value	Valuation	Accumulated impairment losses
Conservation areas	(1 640 500)	35 028 000	35 660 500	(1 627 000)
				Carrying value
				34 033 500

Reconciliation of heritage assets 2015

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

Reconciliation of heritage assets 2014

Conservation areas	Opening balance	Revaluation	Impairment losses recognised	Impairment losses reversed	Total
	33 357 500	505 500	(12 000)	182 500	34 033 500

Heritage assets which fair values cannot be reliably measured

Heritage assets were valued at 30 June 2015 and 30 June 2014 on the basis of willing buyer and willing seller determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms by Suid Kaap Waardeers, a registered and independent valuator. A register is available for inspection at the Sarah Baartman District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

Refer appendix A for more details.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
14. <u>Long-term receivables</u>		
Disciplinary action recoveries	155 696	218 750
Study advances	26 784	13 122
	182 480	231 872

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

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

15. Payables from exchange transactions

Trade payables	775 953	753 446
Sundry creditors	25 905	10 746
Accrued expenses	11 166 703	14 725 594
Employee costs	51 596	221 629
Payments in advance - Other	2 601	2 601
Unidentified deposits	591	591
Accrued leave pay *	1 626 881	2 122 729
Infrastructure levies	590 000	683 000
Makana Municipality - MIG	14 476 184	-
	28 716 414	18 520 336

* Not financial liabilities.

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

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

Infrastructure levies

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

The long-term portion of the infrastructure levies is classified under non-current liabilities as the amount is not expected to be utilised within the next 12 months due to uncertainties surrounding the related projects and amounts to R1 022 570 (2014: R950 861).

Makana Municipality MIG

The municipality received an amount of R19.008 million through the Division of Revenue Act on behalf of Makana Municipality. The grant was transferred to SBDM to ensure proper management of the grant funds in terms of the MFMA and the grant conditions. A Service Level Agreement was entered into between the SBDM and Makana Municipality to manage the proper disbursement of the grant. An application for rollover of the balance was made to National Treasury by the SBDM.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
16. <u>Post-employment medical benefit</u>		
<u>Changes in the present value of the defined benefit obligation are as follows:</u>		
Opening balance	62 002 301	63 481 921
Contributions (benefits) paid	(3 994 813)	(3 781 481)
Current-service costs	528 512	484 576
Actuarial (gain) / loss	1 261 518	(2 936 737)
Interest costs (discounting)	5 590 491	4 754 022
	65 388 009	62 002 301
<u>The amounts recognised in the statement of financial position are as follows:</u>		
<u>Carrying value</u>		
Long-term portion of post-employment medical benefit	(61 490 613)	(58 018 431)
Short-term portion of post-employment medical benefit	(3 897 396)	(3 983 870)
	(65 388 009)	(62 002 301)
<u>The estimated expected timing of resulting outflows of post employment medical benefits are:</u>		
Within one year	3 897 396	3 983 870
Later than one year, not later than five years	14 088 653	13 976 089
Later than five years	47 401 960	44 042 342
	65 388 009	62 002 301
<u>Accumulative actuarial gains and losses</u>		
Balance at the beginning of the year	(11 600 888)	(14 537 625)
Projected during the year	(1 261 518)	2 936 737
	(12 862 406)	(11 600 888)
<u>The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods are as follows:</u>		
Financial period 2010/2011	59 174 995	
Financial period 2011/2012	58 049 255	
Financial period 2012/2013	63 481 921	
Financial period 2013/2014	62 002 301	
Financial period 2014/2015	65 388 009	

SARAH BAARTMAN DISTRICT MUNICIPALITY

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16. Post-employment medical benefit (continued)

Post Retirement fund benefits

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

The municipality's net obligation in respect of post employment medical benefits was calculated by ARCH Actuarial Consulting as at 30 June 2015 and by Independent Actuaries and Consultants as at 30 June 2014. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

88 Principle members are currently covered by the fund (2014 : 89 members).

Valuation method

Pre-retirement benefits

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

Post-retirement benefits

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

Accrued defined benefit obligation

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

Current service cost

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

Value assumptions:

Rate of interest

Medical aid inflation rate 7.65% p.a.

Investment return 8.38% p.a.

The discount rate was deduced from the JSE Zero Coupon bond yield after the market close on 1 June 2015. The corresponding index-linked yield at this term is 1.63% using the discount rate of 8.38% per annum.

A Health Care Cost inflation rate of 7.65% has been assumed. This is 1.5% in excess of expected CPI inflation over the expected term of the liability, namely 6.15%. A larger differential will be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 0.67%. The expected inflation assumption of 6.15% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (1.63%) and those of fixed interest bonds (8.38%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.5%).

The next contribution increase was assumed to occur with effect from 1 January 2016.

SARAH BAARTMAN DISTRICT MUNICIPALITY

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16. Post-employment medical benefit (continued)

Mortality rates

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

Normal retirement age

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

Family profile

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

Withdrawals

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

<u>Age</u>	<u>Females</u>	<u>Males</u>
20	24%	16%
25	18%	12%
30	15%	10%
35	10%	8%
40	6%	6%
45	4%	4%
50	2%	2%
>55	0%	0%

Medical aid contributions at retirement

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

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

National government grants	56 698	1 404 086
Provincial and municipal grants and subsidies	8 963 288	11 422 378
3rd Party grants and subsidies	-	29 959
	<u>9 019 986</u>	<u>12 856 423</u>

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

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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18. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	199 965	212 783	(116 696)	(83 269)	212 783
Long service bonus	589 340	201 465	(507 133)	(82 207)	201 465
Balance at end of year	789 305	414 248	(623 829)	(165 476)	414 248

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	584 947	199 965	(110 091)	(474 856)	199 965
Long service bonus	481 271	589 340	(267 059)	(214 212)	589 340
	1 066 218	789 305	(377 150)	(689 068)	789 305

Performance bonus provision

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

Long service bonus provision

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

19. Revaluation Reserve

Land and Buildings were valued at 30 June 2014 and 30 June 2015 using the income capitalisation, comparable sales of sectional title office developments and comparable sales methods by Suid Kaap Waardeerders, a registered and independent valuator.

The revaluation surplus is reconciled as follows:

Balance at beginning of the year	76 509 935	75 851 313
Revaluation on property, plant and equipment during the year (refer to Note 11)	246 966	153 122
Revaluation on heritage assets during the year (refer to Note 13)	1 008 000	505 500
Balance at the end of the year	77 764 901	76 509 935

20. Accumulated surplus

The accumulated surplus is reserved for the following purpose:

General	167 268 565	175 134 081
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The cash backed portion of the accumulated surplus is ring fenced for the following purpose:

General	142 849 490	149 908 327
Allowance for impairment	9 419 075	10 225 754
Restructuring grant funds allocated to surplus	15 000 000	15 000 000
	167 268 565	175 134 081

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
21. <u>Total Revenue - includes</u>		
<u>Other revenue:</u>		
Settlement discount received	27 990	37 500
Contribution from skills development fund	64 061	71 489
Bad debts recovered	-	1 328 862
Infrastructure projects funded from infrastructure contingency fund	103 336	40 763
Tender deposits	11 790	19 496
Value added taxation on grants	876 637	1 240 198
Other	14 482	593 055
Total other revenue	<u>1 098 296</u>	<u>3 331 363</u>
 Revenue from exchange transactions		
Rental	1 208 685	1 051 242
Investment interest	17 261 678	14 767 367
Income from agency services	41 669	40 217
Total revenue from exchange transactions (excl VAT)	<u>18 512 032</u>	<u>15 858 826</u>
 Revenue from non exchange transactions		
Government grants and subsidies	93 055 282	96 149 936
Fair value gain on revaluation of investment property	365 000	1 107 499
Reduction in provision for debt impairment	806 679	21 937 154
Actuarial gain on post employment medical benefit	-	2 936 737
Impairment reversal	73 558	99 808
Other revenue	1 098 296	3 331 363
Total revenue from non exchange transactions	<u>95 398 815</u>	<u>125 562 497</u>
 Total revenue from exchange and non exchange transactions	<u>113 910 847</u>	<u>141 421 323</u>
 Revenue	94 263 967	97 201 178
Other income	19 646 880	44 220 145
Total revenue from exchange and non exchange transactions	<u>113 910 847</u>	<u>141 421 323</u>

SARAH BAARTMAN DISTRICT MUNICIPALITY

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	2015	2014
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22. Government grants and subsidies

Equitable share	80 008 000	75 091 000
Provincial subsidy - pensioners	4 554 868	4 580 881
Grant funding - expenditure reimbursement	8 492 414	16 478 055
	93 055 282	96 149 936

Equitable Share

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

DORA

Balance unspent at beginning of year	-	279 696
Current year receipts	5 530 000	5 042 000
Conditions met - transferred to revenue	(5 530 000)	(5 321 696)
Total Government Grants	-	-

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

R1 250 000 - Finance Management Grant (FMG)
R 934 000 - Municipal Systems Improvement Grant (MSIG)
R1 236 000 - Expanded Public Works Programme Grant (EPWPG)
R2 110 000 - Rural Roads Asset Management Grant

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

23. Conditional grants expenditure and other grants and subsidies paid

Under conditional grant expenditure	7 173 355	14 573 522
Under salaries and wages	413 095	1 235 500
Under capital expenditure	176 836	669 033
Under contracted services and general expenses	729 128	-
Total conditional grants and subsidies paid	8 492 414	16 478 055

Other grants and subsidies paid

Sundries	132 135	110 709
Koukamma flood damage interest	37 387	105 884
Cacadu Development Agency (CDA)	4 000 000	6 437 173
Environmental health subsidies	9 020 003	7 699 381
Total other grants and subsidies paid	13 189 525	14 353 147

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Figures in Rand	2015	2014
24. <u>Employee costs</u>		
Remuneration of employees	39 380 986	38 217 134
Remuneration of Councillors (Refer Note 25)	6 407 470	6 163 515
Total Employee Costs	45 788 456	44 380 649

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

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

Remuneration of Municipal Manager

Annual remuneration	1 042 717	998 327
Car allowance	156 000	156 000
Performance bonuses	66 967	63 177
Travel claims	21 049	-
	1 286 733	1 217 504

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

Remuneration of the Director Finance and Corporate Services

Annual remuneration	923 675	861 732
Car allowance	144 000	144 000
Performance bonuses	49 729	46 914
	1 117 404	1 052 646

Mr D De Lange is the Director : Finance and Corporate Services and was re-appointed on 1 January 2012 for a period of 5 years.

Remuneration of the Director Economic Development

Annual Remuneration	848 846	807 741
Car Allowance	120 000	120 000
	968 846	927 741

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

Remuneration of the Director Infrastructure Services and Planning

Annual remuneration	923 726	905 757
Car allowance	144 000	144 000
Travel claims	28 422	-
	1 096 148	1 049 757

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

SARAH BAARTMAN DISTRICT MUNICIPALITY

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Figures in Rand	2015	2014
25. <u>Remuneration of councillors</u>		
Executive Mayor	819 596	792 227
Speaker	625 868	592 664
Portfolio Councillor: Special Programmes	588 342	557 167
Portfolio Councillor: Economic Development	592 615	568 043
Portfolio Councillor: Finance and Corporate Services	592 477	557 167
Portfolio Councillor: Infrastructure Services and Planning	588 342	557 167
Portfolio Councillor: Tourism	591 823	568 043
Councillors	2 008 407	1 971 037
	6 407 470	6 163 515

In-kind benefits

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

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

26. Financial instruments - financial assets by category

Financial Instruments are classified into the following categories:

Financial Assets: Loans and Receivables

Financial Liabilities: At amortised cost

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

2015

	Loans and receivables	Total
Receivables from exchange transactions	432 020	432 020
Receivables from non-exchange transactions	792 956	792 956
Deposits	15 410	15 410
Short-term investments	171 000 000	171 000 000
Cash and cash equivalents	85 303 098	85 303 098
	257 543 484	257 543 484

2014

	Loans and receivables	Total
Receivables from exchange transactions	391 682	391 682
Receivables from non-exchange transactions	542 434	542 434
Deposits	15 410	15 410
Short-term investments	125 000 000	125 000 000
Cash and cash equivalents	129 433 670	129 433 670
	255 383 196	255 383 196

SARAH BAARTMAN DISTRICT MUNICIPALITY

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27. Financial instruments: financial liabilities by category

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

2015

	Financial liabilities at amortised cost	Non financial liabilities	Total
Post employment medical benefit	-	61 490 613	61 490 613
Unspent conditional grants and receipts	9 019 986	-	9 019 986
Long-term portion of infrastructure levies	1 022 570	-	1 022 570
Provisions	-	414 248	414 248
Payables from exchange transactions	27 089 533	-	27 089 533
Short-term portion of the post employment medical benefit	-	3 897 396	3 897 396
	37 132 089	65 802 257	102 934 346

2014

	Financial liabilities at amortised cost	Non financial liabilities	Total
Post employment medical benefit	-	58 018 431	58 018 431
Unspent conditional grants and receipts	12 856 423	-	12 856 423
Long-term portion of infrastructure levies	950 861	-	950 861
Provisions	-	789 305	789 305
Payables from exchange transactions	16 397 607	-	16 397 607
Short-term portion of unspent conditional grants	-	-	-
Short-term portion of post employment medical benefit	-	3 983 870	3 983 870
	30 204 891	62 791 606	92 996 497

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Figures in Rand	2015	2014
28. <u>Restatement of prior year figures</u>		
<u>Summary of changes to the surplus opening balance:</u>		
Rental of facilities and equipment		(2 368)
Government grant and subsidies	1 643 740	
Fair value adjustments	6 500	
General expenses - other	1 725 594	
Employee related costs	(19 806)	
Conditional grant expenditure	(1 643 740)	
Other income adjusted	562 621	
	<u>2 272 541</u>	
<u>Summary of changes to the financial position</u>		
VAT receivable		(1 689 074)
Trade and other receivables from non-exchange transactions		(1 316)
Unspent conditional grants	2 205 307	
Payables from exchange transactions		(104 907)
Property plant and equipment		(419 000)
Investment property		758 000
		<u>749 010</u>
<u>Summary of changes to the surplus opening balance 2014:</u>		
General expenses - other		(1 689 074)
Employee costs		(166 957)
Fair value adjustment		332 500
		<u>(1 523 531)</u>
<u>Details of changes to the surplus opening balance:</u>		
Reversal of rental raised where lease agreement terminated		(2 368)
Expenditure incurred in the prior not accrued		(74 889)
Raise revenue not accounted for		1 053
VAT income on conditional grants not accounted for		561 568
Reversal of accrual raised for service that was subsequently cancelled		156 743
Recognise revenue on conditional grant utilised		1 643 740
Reallocation of conditional grant expenditure from general expenses		(1 643 740)
Recognise grant expenditure reallocated		1 643 740
Raise fair value on investment property not previously recognised		6 500
Raise underprovision for workmens compensation assessment		(19 806)
		<u>2 272 541</u>
<u>Details of changes to the surplus opening balance 2014:</u>		
Increase expenditure for VAT input incorrectly claimed		(1 689 074)
Raise expenditure incurred in terms of the workmens compensation assessment		(166 957)
Recongnise investment property not previously recognised at fair value		332 500
		<u>(1 523 531)</u>
<u>Details of changes to the financial position:</u>		
Raise revenue not accounted for in receivables		1 052
Raise amount owed to SARS for overstatement of VAT input claimed		(1 689 074)
Reversal of revenue accounted for in receivables		(2 368)
Conditional grant expenditure not accounted for		1 873 863
VAT income on the conditional grants not accounted for		331 444
Raise and reversal of accruals for expenditure not accounted for		(104 907)

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Notes to the Financial Statements

Figures in Rand	2015	2014
28. Restatement of prior year figures (continued)		
<u>Details of changes to the financial position (continued):</u>		
Recognise investment property not previously recognised		339 000
Reclassification of property, plant and equipment to investment property		(419 000)
Recognition of investment property from property, plant and equipment		419 000
		<u>749 010</u>
	Restated	As previously stated
<u>Revenue</u>	2014	2014
Rental	1 051 242	1 053 610
Investment interest	14 767 367	14 767 367
Income from agency services	40 217	40 217
Other income	3 331 363	2 768 742
Government grants and subsidies	96 149 936	94 506 196
Fair value adjustment	1 107 499	1 100 999
Reduction in provision for debt impairment	21 937 154	21 937 154
Actuarial gain on valuation of post employment medical benefits	2 936 737	2 936 737
	<u>141 321 515</u>	<u>139 111 022</u>
<u>Expenses</u>		
Employee related costs	44 380 649	44 360 843
Depreciation	1 398 618	1 398 618
Repairs and maintenance	640 321	640 321
Contracted services	4 037 854	4 037 854
Conditional grant expenditure	14 573 522	12 929 782
Other grants and subsidies paid	14 353 147	14 353 147
General expenses - other	52 812 435	54 538 029
Discounting of post retirement benefit obligation	4 754 022	4 754 022
Loss on disposal of property, plant and equipment	71 237	71 237
Impairment loss	(99 808)	(99 808)
	<u>136 921 997</u>	<u>136 984 045</u>
<u>Surplus for the year</u>	<u>4 399 518</u>	<u>2 126 977</u>

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Notes to the Financial Statements

Figures in Rand	2015	2014
28. Restatement of prior year figures (continued)		
	Restated	As previously stated
	2014	2014
Assets		
Current Assets		
Short term portions of long-term receivables		
Receivables from exchange transactions	391 682	391 682
Receivables from non exchange transactions	542 434	543 750
VAT receivable	2 694 570	4 383 644
Deposits paid	15 410	15 410
Cash and cash equivalents and short-term investments	<u>254 433 670</u>	<u>254 433 670</u>
	<u>258 077 766</u>	<u>259 768 156</u>
Non-current assets		
Property plant and equipment	28 735 719	29 154 719
Long term receivables	231 872	231 872
Investment property	25 597 500	24 839 500
Heritage assets	34 033 500	34 033 500
Intangible assets	86 885	86 885
	<u>88 685 476</u>	<u>88 346 476</u>
Total Assets	<u>348 763 242</u>	<u>348 114 632</u>
Liabilities		
Short-term portion of post employment medical benefit		
Payables from exchange transactions	3 983 870	3 983 870
Unspent conditional grants and receipts	18 520 336	18 415 430
Provisions	12 856 423	15 061 730
	<u>789 305</u>	<u>789 305</u>
	<u>36 149 934</u>	<u>38 250 335</u>
Non-current liabilities		
Long-term portion of post employment medical benefit	58 018 431	58 018 431
Long-term portion of infrastructure levies	950 861	950 861
	<u>58 969 292</u>	<u>58 969 292</u>
Total Liabilities	<u>95 119 226</u>	<u>97 219 627</u>
Total assets less liabilities	<u>251 644 016</u>	<u>250 895 005</u>
Reserves		
Unappropriated surplus	76 509 935	76 509 935
	<u>175 134 080</u>	<u>174 385 070</u>
Total Net Assets	<u>251 644 015</u>	<u>250 895 005</u>

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Figures in Rand	2015	2014
29. <u>Cash generated from operations</u>		
(Deficit) surplus	(7 865 516)	4 399 518
<u>Adjustments for:</u>		
Depreciation	1 505 651	1 398 618
Loss on disposal of property, plant and equipment	583 551	71 237
Fair value adjustments	(365 000)	(1 107 499)
Discounting of post employment medical benefit obligation	5 590 491	4 754 022
Impairment	(73 558)	(99 808)
Contributions to provisions	(375 057)	(276 913)
Service costs	528 512	484 576
Prior year corrections	-	(1 856 037)
(Gain) / loss on actuarial valuation for post employment medical benefits	1 261 518	(2 936 737)
<u>Changes in working capital:</u>		
Receivables from exchange transactions	(40 338)	166 611
Receivables from non-exchange transactions	(250 522)	(38 426)
Payables from exchange transactions	10 196 076	9 302 909
VAT receivable	(105 982)	(537 253)
Unspent conditional grants and receipts	(3 836 437)	(6 423 153)
	6 753 389	7 301 665

30. Finance Leases Reconciliation

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

31. Contingent liabilities

A possible liability exists in respect of a claim from a property owner in St Francis Bay resulting from a fire that broke out during 2013. A summons has been issued for damages to the owner's property, which the municipality is currently defending.	6 900 000	6 900 000
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The outcome of the above-mentioned could result in further litigation against the municipality.

A possible liability exists in respect of a claim made against the municipality by the farm owner, where illegal occupation of farm land occurred by community members of Sundays River Valley Municipality. This matter is in the pleadings stage.	624 630	624 630
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7 524 630	7 524 630
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A dispute was lodged by Koukamma Municipality for expenditure relating to fire services required to be performed in terms of a previous service level agreement. The contingent amount is unknown. The matter is being dealt with in terms of the Inter-governmental Relations Framework Act.

The following contingent liability was transferred to the municipality upon the liquidation of Kouga Development Agency (KDA):

Great Force Investments (Pty) Ltd, the developer appointed by KDA in 2010/11 financial year to develop the mandated area, issued a letter to the district municipality whereby the developer seeks to continue with the development of the mandate area and would like the appointment to be honoured. Should the developer not be allowed to continue, the developer indicated that they would institute legal action against the parent municipality, for all damages. To date, no legal action has been instituted and therefore the contingent amount is unknown.

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Figures in Rand	2015	2014
32. <u>Contingent asset</u>		
A possible asset exists in respect of a claim in terms of defective workmanship and overpayment for work done in 2003/04 financial year. A trial date is awaited.	<u>2 000 000</u>	<u>2 000 000</u>
SARS performed a VAT audit covering the period 2008 to 2013. The audit concluded with the municipality being required to refund SARS, with an amount of R2.5 million which included an amount of R781 460 for penalties and interest. The municipality is in the process of lodging an objection as the municipality believes that the findings raised by SARS are not completely accurate. A contingent asset therefore exists in terms of a refund that the municipality will receive as a result of the outcome of the objection.		
33. <u>Unauthorised, irregular, fruitless and wasteful expenditure</u>		
Unauthorised expenditure		
No unauthorised expenditure was incurred in the current and previous financial years.		
Irregular expenditure		
Refer to Note 42		
Fruitless and wasteful expenditure		
Refer to Note 48		
34. <u>Additional disclosure in terms of Municipal Finance Management Act</u>		
<u>Contributions to organised local government</u>		
Opening balance	(500 000)	(450 000)
Council subscription	531 720	450 000
Amount paid - current year	(31 720)	-
Amount paid - 2015/16 year	(559 800)	(500 000)
Amount paid in advance (included in receivables)	<u>(559 800)</u>	<u>(500 000)</u>
<u>External Audit fees</u>		
Prior year audit fee	7 781	-
Current year audit fee	3 127 576	2 915 236
Audit Planning fees for the following year	1 135 092	499 602
Amount paid - current year	(4 270 449)	(3 414 838)
	<u>-</u>	<u>-</u>
<u>PAYE, UIF and SDL</u>		
Opening balance	288 429	-
Current year payroll deductions	8 555 433	8 121 910
Amount paid - current year	(8 555 433)	(7 833 481)
	<u>288 429</u>	<u>288 429</u>

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Notes to the Financial Statements

Figures in Rand	2015	2014
34. Additional disclosure in terms of Municipal Finance Management Act (continued)		
<u>Pension and Medical Aid Deductions</u>		
Current year payroll deductions and Council Contributions	3 755 674	3 580 101
Amount paid - current year	(3 755 674)	(3 580 101)
	-	-
<u>VAT</u>		
VAT receivable	2 800 552	2 694 570

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

35. In-kind donations and assistance

No donations have occurred during the current year.

36. Risk management

Liquidity risk

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

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

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

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

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	28 716 414	-	-	-
Other payables	-	13 331 630	-	-
At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	18 520 336	-	-	-
Other payables	-	17 629 598	-	-

Interest rate risk

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

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36. Risk management (continued)

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

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

Should the prime rate vary by .1% either direction, the effect on the cash balance would be R2.5 million in either direction.

Credit risk

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

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

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

37. Events after the reporting date

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

38. Compliance with the Municipal Finance Management Act

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

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

39. Related parties

Cacadu Development Agency

The Cacadu Development Agency (CDA) was legally formed in September 2012. The municipal entity has commenced operations in the establishment phase on 1 July 2013. The establishment phase continued to the end of the financial year as the Agency was unable to commence with appointment of staff in terms of the approved organogram of the Agency due to the implications that the disestablishment of the Blue Crane Development Agency may have on the Agency.

The municipality has provided the CDA with an unconditional grant of R4 000 000 to fund the operations of the Agency for the 2014/15 financial year.

There were no other transaction between the municipality and CDA.

Post retirement medical aid benefit plan

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

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39. Related parties (continued)

The medical aid schemes involved are as follows:

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

Transactions with these schemes amounted to R2 182 247 (2014: R2 079 927)

Councillors and employees

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

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

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

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39. Related parties (continued)

Councillor

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

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

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

In the prior year, close family members or business associates of 1 official and 2 councillors had an interest in awards made to the value of R86 721. They did not declare their interest, but none of them were involved in the procurement process of the awards.

Key management personnel

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

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40. Significant estimates and judgements

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

Judgements

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

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R9 231 380 (2014: R9 231 380) was included in the provision for debt impairment.

Estimates and assumptions

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

Post employment medical benefit

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to dependants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating to actuarial assumptions. The net employee liability at 30 June 2015 is R65 388 009 (2014: R62 002 301). Further details are provided in Note 16.

Property, plant and equipment

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

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

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41. Standards of GRAP issued but not yet effective

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

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

GRAP 20: Related Party Disclosures

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

GRAP 32: Service Concession Arrangements - Grantor

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

GRAP 108: Statutory Receivables

The effect on the financial statements of introducing this standard does not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 109: Accounting by Principals and Agents

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

42. Irregular expenditure

Opening balance	6 393 211	4 191 902
Add: Irregular Expenditure - current year	2 663 171	7 778 889
Add: Irregular Expenditure - prior year	-	-
Less: Expenditure certified as irrecoverable / written off by Council	(8 032 900)	(5 577 580)
	1 023 482	6 393 211

Details of irregular expenditure

1 Quote awarded in accordance with supply chain management regulations but original quote documentation for unsuccessful suppliers was misplaced	-	98 681
Bids awarded in prior years did not comply with the supply chain management regulations as follows:	2 663 171	7 680 208
- Bids of a long term nature that were not advertised for at least 30 days		
- Bids were not evaluated in accordance with the preferential procurement points system		
- The evidence of specification committees was not available		
- No evidence of required website publications		
	2 663 171	7 778 889

Although there has been contravention of the procurement processes and procedures (resulting from prior year awards), goods and services have been received.

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43. Deviations

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

<u>Reason</u>	<u>No. of incidents</u>		
Emergency	1	17 909	526 799
Goods or services are produced or available from a single provider	12	231 415	857 716
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	68	6 068 018	6 200 666
		6 317 342	7 585 181

44. Change in estimate

Property, plant and equipment

The municipality has reassessed the useful lives and residual values of property, plant and equipment which resulted in certain specialised plant and equipment and furniture and fittings' remaining useful lives being adjusted based on the condition of the assets. The residual values of certain assets have also been reassessed and adjusted accordingly. The effect of the change in accounting estimate has resulted in an increase in depreciation amounting to R 4 383 for the current period (2014: R 3 547). The effect on future periods could not reasonably be determined.

45. Commitments

Capital expenditure

- Approved and contracted for	18 821 538	16 052 186
- Approved by Council, but not yet contracted to	10 974 018	25 109 957
	29 795 556	41 162 143

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

Non-capital expenditure

Approved and contracted for	7 261 374	13 648 252
Approved by Council, but not yet contracted to	8 005 858	592 216
	15 267 232	14 240 468

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

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46. Budget differences

Material differences between budget and actual amounts

Investment revenue

The excess of actual investment revenue over the final budget is 50%, which was due to the increase in the interest rates received on investments during the year, from an estimated average of 6% per annum to rates exceeding 7%.

Other own revenue

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

Employee costs

The variance of 16% was attributable to vacancies as well as savings in various other employee related costs.

Remuneration of councillors

The variance of 11% is mainly due to a over-estimation of reimbursive travel claims in accordance with a change in the legislation.

Transfers and grants

The variance of 12% is a result of projects that were planned to be completed by the end of the financial year. Unfortunately, these projects will only be completed in the following financial year due to unforeseen circumstances surrounding these projects.

Other expenditure

The variance of 37% is mainly due to under-expenditure on own-funded projects. Other factors that contributed to the variance are cost-savings on operational activities, as well as instances of over-estimation of budgets on projects.

Capital expenditure

The variance of 56% is mainly due to certain capital items not being procured, consisting mainly of equipment, furniture and fittings.

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47. <u>General expenses</u>		
Advertising and promotions	597 701	818 990
Auditors fees	3 861 385	3 087 733
Catering	472 322	575 364
Congress and visits	2 159 938	1 977 034
Fines and penalties	782 229	-
General - other	1 540 222	1 160 874
Insurance	339 118	308 396
Legal expenses	586 108	399 902
Licences	85 079	237 617
Fuel and oil	812 521	915 786
Printing and stationery	1 193 129	1 088 954
Publications	1 135 899	1 230 318
Project costs	24 827 062	37 843 076
Subscriptions	605 281	599 385
Telephone and fax	1 021 708	882 970
Training and development	952 632	754 283
Utilities	926 993	931 753
	41 899 327	52 812 435

48. Fruitless and wasteful expenditure

Current year	782 229	-
Less: Expenditure certified as irrecoverable / written off by Council	(101)	-
	782 128	-

Details of fruitless and wasteful expenditure:

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

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

An amount of R781 460 of penalties and interest was paid to the South African Revenue Services on the over-estimation of VAT Input claimed during the 2008 and 2013 financial years in accordance with a SARS audit conducted. An amount of R2.5 million was paid which includes the capital amount of R1.7 million, upon finalisation of the audit to prevent any further interest accumulating, whilst the municipality conducts a detailed investigation on the accuracy of the audit outcome. A formal objection with SARS will be lodged subsequent to the detailed investigation.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements Figures in Rand

49. Conditional grants and receipts

	UNSPENT BALANCE 30 JUNE 2014 RAND	CONTRIBUTIONS/ ADJUSTMENTS RAND	INTEREST ALLOCATED RAND	VALUE ADDED TAXATION RAND	CURRENT YEAR RECEIPTS RAND	TRANSFER TO REVENUE RAND	CAPITAL EXPENDITURE RAND	UNSPENT BALANCE 30 JUNE 2015 RAND
CAMDEBOO: ERADICATION OF VIP TOILETS	282 014	-	-	(34 633)	-	(247 381)	-	-
DBSA LED: STRATEGY AND INSTITUTIONAL	29 959	-	-	-	-	(29 959)	-	-
DROUGHT RELIEF 2010/2011	325 189	-	-	(2 044)	-	(272 935)	-	50 210
FINANCE MANAGEMENT GRANT	-	-	-	(102 777)	1 250 000	(1 147 223)	-	-
GIS SUPPORT TO CDM BY DWAF	84 370	-	-	(9 565)	-	(68 319)	-	6 487
HOUSING PROJECTS	842 068	-	-	-	-	-	-	842 068
LIBRARIES - MUNICIPALITIES	562 000	-	-	(69 018)	-	(492 982)	-	-
MIG-KOUKAMMA	638 779	-	-	-	-	(638 779)	-	-
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	-	-	-	(59 439)	934 000	(697 725)	(176 836)	-
PASSENGER TRANSPORT PLANS AND FACILITIES:	1 053 418	-	-	(55 707)	-	(397 904)	-	599 808
PEOPLE HOUSING PROJECT	7 521 413	-	-	-	-	-	-	7 521 413
RAIN HARVESTING PATERSON	61 212	-	-	-	-	(61 212)	-	-
RURAL ROADS ASSET MANAGEMENT GRANT	-	-	-	(259 123)	2 110 000	(1 850 877)	-	-
EXPANDED PUBLIC WORKS PROGRAMME	-	-	-	(102 910)	1 236 000	(1 133 090)	-	-
REDI AQUA PROJECTS	456 000	-	-	(56 000)	-	(400 000)	-	-
BCRM FIRE STATION	1 000 000	-	-	(122 807)	-	(877 193)	-	-
	12 856 423	-	-	(874 022)	5 530 000	(8 315 578)	(176 836)	9 019 986

SARAH BAARTMAN DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand

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

Name of Grant	Name of Organ of state	2014/2015 Quarterly Receipts			2014/2015 Quarterly Expenditure			June Rand	2014/2015 Grants and Subsidies Delayed/withheld Rand	Reason for delay/ withholding funds Y/N	Reason for non compliance Y/N	
		Sept Rand	Dec Rand	Mar Rand	Sept Rand	Dec Rand	Mar Rand					
CAMDEBOO: ERADICATION OF VIP TOILETS	Local Municipality	-	-	-	-	-	41 447	240 567	-	N/A	YES	N/A
DBSA LED: STRATEGY AND INSTITUTIONAL	Other	-	-	-	29 959	-	-	-	-	N/A	YES	N/A
DROUGHT RELIEF 2010/2011	Provincial Government	-	-	-	35 839	24 562	41 474	173 104	-	N/A	YES	N/A
FINANCE MANAGEMENT GRANT	National Government	1 250 000	-	-	-	760 000	86 521	403 479	-	N/A	YES	N/A
GIS SUPPORT TO CDM BY DWAF	Provincial Government	-	-	-	-	77 884	-	-	-	N/A	YES	N/A
LIBRARIES - MUNICIPALITIES	Provincial Government	-	-	-	-	-	562 000	-	-	N/A	YES	N/A
MIG-KOUKAMMA	National Government	-	-	-	-	-	312 190	326 589	-	N/A	YES	N/A
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	National Government	934 000	-	-	-	-	200 000	734 000	-	N/A	YES	N/A
PASSENGER TRANSPORT PLANS AND FACILITIES	Provincial Government	-	-	-	-	453 610	-	-	-	N/A	YES	N/A
RAIN HARVESTING PATERSON	Provincial Government	-	-	-	-	-	-	61 212	-	N/A	YES	N/A
RURAL ROADS ASSET MANAGEMENT GRANT	National Government	2 110 000	-	-	356 365	579 984	550 489	623 162	-	N/A	YES	N/A
EXPANDED PUBLIC WORKS PROGRAMME	National Government	494 000	371 000	371 000	-	1 065 756	-	170 244	-	N/A	YES	N/A
REDI AQUA PROJECTS	Other	-	-	-	312 360	-	143 640	-	-	N/A	YES	N/A
BLUE CRANE ROUTE FIRE STATION	Local Municipality	-	-	-	-	-	581 425	418 575	-	N/A	YES	N/A
		4 788 000	371 000	371 000	-	734 523	2 961 795	2 519 187	3 150 931			

SARAH BAARTMAN DISTRICT MUNICIPALITY
UNAUDITED APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2015
Cost/Revaluation
Accumulated Depreciation

	Opening Balance Rand	Revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Depr on Disposal Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
Land											
Investment Property	21 179 500	770 000	-	-	21 949 500	2 594 000	-	-	-	2 594 000	19 355 500
PPE	6 014 000	310 000	-	293 000	6 031 000	858 500	-	-	-	858 500	5 172 500
Heritage	32 461 500	1 106 500	-	-	33 568 000	1 607 000	-	-	-	1 607 000	31 961 000
Buildings											
Investment Property	7 012 000	(405 000)	-	-	6 607 000	-	-	-	-	-	6 607 000
PPE	15 735 378	(63 033)	-	276 761	15 395 584	3 628 378	264 427	44 319	152 400	3 696 086	11 699 498
Heritage	3 199 000	(98 500)	-	-	3 100 500	20 000	-	-	(13 500)	33 500	3 067 000
Furniture and Fixtures											
PPE	2 105 589	-	255 315	62 431	2 298 473	935 362	123 146	50 259	(1 644)	1 009 893	1 288 580
Specialised Vehicles											
PPE	275 159	-	-	-	275 159	182 987	4 897	-	-	187 884	87 275
Office Equipment											
PPE	2 248 581	-	181 944	34 502	2 396 023	502 196	174 539	13 986	(644)	663 393	1 732 630
Computer Equipment											
Intangible Asset	86 885	-	-	-	86 885	-	-	-	-	-	86 885
PPE	4 298 708	-	188 799	315 930	4 171 577	2 244 868	252 134	272 168	(61 600)	2 286 434	1 885 143
Bins and Containers											
PPE	98 988	-	-	-	98 988	32 391	7 935	-	-	40 326	58 662
Motor Vehicles											
PPE	8 295 683	-	431 690	267 652	8 459 721	2 972 939	590 410	240 887	-	3 322 462	5 137 259
Specialised Plant and Machinery											
PPE	2 121 319	-	-	10 121	2 111 198	1 100 066	88 163	7 730	(1 454)	1 181 953	929 245
	105 132 290	1 619 967	1 057 748	1 260 397	106 549 608	16 678 687	1 505 651	629 349	73 558	17 481 431	89 068 177

SARAH BAARTMAN DISTRICT MUNICIPALITY
UNAUDITED APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2015
Cost/Revaluation
Accumulated Depreciation

	Opening Balance Rand	Revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposal Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
Land	59 655 000	2 186 500	-	293 000	61 548 500	5 059 500	-	-	-	5 059 500	56 489 000
Buildings	25 946 378	-566 533	-	276 761	25 103 084	3 648 378	264 427	44 319	138 900	3 729 586	21 373 498
Furniture and fittings	2 105 589	-	255 315	62 431	2 298 473	935 362	123 146	50 259	-1 644	1 009 893	1 288 580
Specialised vehicles	275 159	-	-	-	275 159	182 987	4 897	-	-	187 884	87 275
Office equipment	2 248 581	-	181 944	34 502	2 396 023	502 196	174 539	13 986	-644	663 393	1 732 630
Computer equipment	4 385 593	-	188 799	315 930	4 258 462	2 244 868	252 134	272 168	-61 600	2 286 434	1 972 028
Bins and containers	98 988	-	-	-	98 988	32 391	7 935	-	-	40 326	58 662
Motor vehicles	8 295 683	-	431 690	267 652	8 459 721	2 972 939	590 410	240 887	-	3 322 462	5 137 259
Specialised Plant and machinery	2 121 319	-	-	10 121	2 111 198	1 100 066	88 163	7 730	-1 454	1 181 953	929 245
Total	105 132 290	1 619 967	1 057 748	1 260 397	106 549 608	16 678 687	1 505 651	629 349	73 558	17 481 431	89 068 177

SARAH BAARTMAN DISTRICT MUNICIPALITY
UNAUDITED APPENDIX B

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2015
Accumulated Depreciation

	Cost / Revaluations											
	Opening Balance 01 July 2014 Rand	Revaluation Rand	Additions Rand	Impairment Rand	Disposals Rand	Closing Balance 30 June 2015 Rand	Opening Balance 01 July 2014 Rand	Depreciation Rand	Impairment Rand	Disposals Rand	Closing Balance Rand	Carrying Value 30 June 2015 Rand
Executive and Council	3 595 240	-	136 123	-	83 657	3 647 706	1 324 111	247 193	(15 220)	82 334	1 504 190	2 143 515
Finance and Admin	95 048 969	1 619 967	174 655	-	5 554 553	91 289 037	13 516 517	756 109	4 946 373	172 893	9 153 361	82 135 676
Housing	21 116	-	-	-	4 699	16 417	13 037	710	-	4 582	9 165	7 252
Planning and Development	3 779 484	-	688 110	-	405 067	4 062 526	1 571 933	189 503	(19 725)	338 258	1 442 903	2 619 624
Public Safety	4 913 046	-	58 861	-	40 918	4 930 989	2 480 799	311 667	(7 870)	29 781	2 770 555	2 160 434
Roads	3 499	-	-	-	1 200	2 299	2 965	133	-	1 200	1 898	401
Water	6 937	-	-	-	300	6 637	5 326	335	-	299	5 361	1 276
Total	107 368 291	1 619 967	1 057 748	-	6 090 395	103 955 611	18 914 687	1 505 651	4 903 558	629 347	14 887 433	89 068 177

**SARAH BAARTMAN DISTRICT MUNICIPALITY
UNAUDITED APPENDIX C**

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	2014		2015		2015
	Actual	Actual	Actual	Actual	Surplus/ (Deficit)
	Income	Expenditure	Income	Expenditure	(Deficit)
	Rand	Rand	Rand	Rand	Rand
	3 491 669	23 514 697	7 728 788	39 215 316	(31 486 528)
	123 113 979	38 526 709	99 934 517	32 649 956	67 284 561
	4 886 171	27 975 753	1 163 048	14 359 100	(13 196 051)
	-	9 819 878	-	11 003 590	(11 003 590)
	241 313	2 907 753	492 982	3 440 607	(2 947 624)
	-	389 271	-	421 980	(421 980)
	-	14 157 401	877 193	13 447 588	(12 570 395)
	-	299 750	-	299 825	(299 825)
	-	143 816	-	-	-
	4 834 329	5 746 684	2 887 559	3 248 959	(361 399)
	4 705 865	13 399 522	649 865	3 597 209	(2 947 344)
	48 189	40 763	103 336	18 676	84 660
Total	141 321 515	136 921 997	113 837 289	121 702 805	(7 865 516)

SARAH BAARTMAN DISTRICT MUNICIPALITY
UNAUDITED APPENDIX D

INVESTMENT PORTFOLIO AS AT 30 JUNE 2015

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2014/2015 Rand	BALANCE 30 JUNE 2015 Rand
ABSA GROUP	2073517903	12	5.620%	11-Jul-13	10-Jul-14	18 000 000	-
STANDARD BANK	088430537171	12	5.556%	11-Jul-13	10-Jul-14	16 000 000	-
NEDBANK	7881501480000129	12	5.670%	16-Aug-13	15-Aug-14	15 000 000	-
STANDARD BANK	088430537172	12	5.850%	16-Aug-13	15-Aug-14	5 000 000	-
STANDARD BANK	088430537176	5	6.113%	31-Mar-14	31-Aug-14	17 000 000	-
ABSA GROUP	2073752551	12	5.710%	27-Sep-13	26-Sep-14	14 000 000	-
NEDBANK	7881501480000130	12	5.670%	27-Sep-13	26-Sep-14	3 000 000	-
ABSA GROUP	2074240484	6	6.250%	31-Mar-14	30-Sep-14	15 000 000	-
NEDBANK	7881501480000131	11	5.710%	19-Nov-13	20-Oct-14	13 000 000	-
ABSA GROUP	2073937614	11	5.800%	06-Dec-13	06-Nov-14	7 000 000	-
NEDBANK	7881501480000132	11	5.900%	06-Dec-13	06-Nov-14	7 000 000	-
STANDARD BANK	088430537174	11	5.925%	06-Dec-13	06-Nov-14	6 000 000	-
INVESTEC	MM13111947675	12	5.800%	19-Nov-13	18-Nov-14	4 000 000	-
FNB	74443041442	12	5.790%	19-Nov-13	18-Nov-14	10 000 000	-
INVESTEC	RK13120648941	12	6.000%	06-Dec-13	05-Dec-14	2 000 000	-
FNB	74446073187	12	6.030%	06-Dec-13	05-Dec-14	10 000 000	-
ABSA GROUP	2074009686	12	5.800%	09-Jan-14	08-Jan-15	4 000 000	-
FNB	74450730731	12	6.040%	09-Jan-14	08-Jan-15	12 000 000	-
INVESTEC	RK14020752833	12	6.900%	07-Feb-14	06-Feb-15	11 000 000	-
INVESTEC	RK14071163303	7	6.640%	11-Jul-14	11-Feb-15	3 000 000	-
NEDBANK	7881501480000135	7	6.600%	11-Jul-14	11-Feb-15	5 000 000	-
ABSA GROUP	2074178057	12	6.840%	06-Mar-14	05-Mar-15	8 000 000	-
STANDARD BANK	088430537175	12	6.855%	06-Mar-14	05-Mar-15	8 000 000	-
INVESTEC	RK14033156288	12	6.850%	31-Mar-14	30-Mar-15	3 000 000	-
NEDBANK	7881501480000134	12	6.950%	31-Mar-14	30-Mar-15	7 000 000	-
FNB	74466179121	12	7.000%	31-Mar-14	30-Mar-15	13 000 000	-
STANDARD BANK	088430537177	9	6.627%	11-Jul-14	11-Apr-15	15 000 000	-
STANDARD BANK	088430537178	10	6.704%	11-Jul-14	11-May-15	15 000 000	-
STANDARD BANK	088430537179	11	6.756%	11-Jul-14	11-Jun-15	10 000 000	-
FNB	74371532993	11	6.750%	11-Jul-14	11-Jun-15	8 000 000	-
ABSA GROUP	2074767416	7	6.730%	12-Nov-14	12-Jun-15	10 000 000	-
ABSA GROUP	2074481339	12	7.000%	11-Jul-14	10-Jul-15	-	11 000 000
NEDBANK	7881501480000136	11	6.950%	26-Aug-14	27-Jul-15	-	10 000 000
STANDARD BANK	088430537181	10	7.087%	01-Oct-14	01-Aug-15	-	5 000 000
FNB	74450730731	6	6.630%	18-Feb-15	18-Aug-15	-	6 000 000
ABSA GROUP	2075494586	12	7.050%	26-Aug-14	25-Aug-15	-	16 000 000
NEDBANK	7881501480000138	10	6.870%	12-Nov-14	14-Sep-15	-	5 000 000
ABSA GROUP	2074677085	12	7.130%	01-Oct-14	30-Sep-15	-	17 000 000
STANDARD BANK	088430537180	12	7.278%	01-Oct-14	30-Sep-15	-	5 000 000
CASH AND CASH EQUIVALENTS							75 000 000
FNB	74443041442	10	6.950%	15-Dec-14	15-Oct-15	-	15 000 000
NEDBANK	7881501480000137	12	7.020%	12-Nov-14	11-Nov-15	-	10 000 000
STANDARD BANK	088430537182	12	7.138%	12-Nov-14	11-Nov-15	-	6 000 000
ABSA GROUP	2074831706	12	7.200%	15-Dec-14	14-Dec-15	-	8 000 000
INVESTEC	MM14121574134	12	7.070%	15-Dec-14	14-Dec-15	-	4 000 000

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2014/2015 Rand	BALANCE 30 JUNE 2015 Rand
NEDBANK	7881501480000139	12	6.950%	15-Dec-14	14-Dec-15	-	8 000 000
STANDARD BANK	088430537183	12	7.020%	15-Dec-14	14-Dec-15	-	5 000 000
ABSA GROUP	2075104817	10	6.900%	10-Apr-15	10-Feb-16	-	3 000 000
INVESTEC	MM15041082132	10	7.000%	10-Apr-15	10-Feb-16	-	3 000 000
INVESTEC	RK15021878318	12	7.050%	18-Feb-15	17-Feb-16	-	10 000 000
FNB	74371532993	8	6.830%	26-Jun-15	25-Feb-16	-	2 000 000
ABSA GROUP	2075290480	8	6.800%	26-Jun-15	26-Feb-16	-	3 000 000
ABSA GROUP	2075067748	12	7.330%	25-Mar-15	23-Mar-16	-	11 000 000
INVESTEC	RK15032580969	12	7.100%	25-Mar-15	23-Mar-16	-	4 000 000
NEDBANK	7881501480000140	12	7.090%	25-Mar-15	23-Mar-16	-	17 000 000
STANDARD BANK	088430537184	12	6.996%	25-Mar-15	23-Mar-16	-	3 000 000
FNB	74446073187	12	6.950%	25-Mar-15	23-Mar-16	-	2 000 000
NEDBANK	7881501480000141	12	7.050%	10-Apr-15	08-Apr-16	-	10 000 000
STANDARD BANK	088430537185	12	7.324%	10-Apr-15	08-Apr-16	-	3 000 000
FNB	74466179121	12	7.089%	10-Apr-15	08-Apr-16	-	15 000 000
STANDARD BANK	088430537186	12	7.488%	12-May-15	10-May-16	-	14 000 000
STANDARD BANK	088430537187	12	7.372%	26-Jun-15	24-Jun-16	-	15 000 000
SHORT TERM INVESTMENTS							171 000 000
BALANCE 30 JUNE 2015							246 000 000