THEEWATERSKLOOF

MUNICIPALITY

[These financial statements have been audited]

FINANCIAL STATEMENTS

30 JUNE 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

THEEWATERSKLOOF MUNICIPALITY

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THEEWATERSKLOOF MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Theewaterskloof Municipality includes the following areas:

Caledon	*Greyton*
Grabouw	*Genadendal*
Villiersdorp	*Botrivier*
Riviersonderend	*Tesselaarsdal*

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Mr. C. Punt	
Deputy Executive Mayor	Mr. M. Tshaka	
Executive Councillor	Mrs. M.M. Koegelenberg	
Executive Councillor	Mr. G.E.M. Carelse	
Executive Councillor	Mrs. P.U. Stanfliet	
Executive Councillor	Mr K Papier	
Executive Councillor	Mrs. C. Vosloo (Speaker)	(Resigned - 20/07/2015)
Executive Councillor	Mr. D. Du Toit (Speaker)	(Appointed - 01/09/2015)

MUNICIPAL MANAGER

Mr. H.S.D. Wallace

CHIEF FINANCIAL OFFICER

Mr. D Louw

REGISTERED OFFICE

6 Plein Street, CALEDON, 7230

AUDITORS

Auditor General of South Africa (AGSA)

PRINCIPLE BANKERS

ABSA Bank, P.O. Box 145, Caledon. 7230

ATTORNEYS

Bosman & Smit
Fairbridges Attorneys
Herold Gie Attorneys
IAJ Malherbe Incorporated
Johnson Kuun & Co
Claughton & Wehmeyer
Guthrie & Theron
Du Plessis & Mostert

RELEVANT LEGISLATION

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

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THEEWATERSKLOOF MUNICIPALITY

MEMBERS OF THE THEEWATERSKLOOF MUNICIPALITY

WARD	COUNCILLOR	
1	Mr. K.R. Tiemie	
2	Mrs. M.L. Hector	
3	Mr K Papier	
4	Mrs M.M. Koegelenberg	
5	Mr. C.M. Lamprecht	
6	Mrs. J. Nellie	
7	Mrs. P.U. Stanfliet	
8	Mrs. C.V. Thembani	
9	Mr. N. Pieterse	
10	Mrs. M. Plato	
11	Mrs. L. Matomela	(Deceased - 04/07/2015)
11	Mr. J. Michels	
12	Mr. U.T. Sipunzi	
13	Mr. M Tshaka	
Proportional	Mr. C Punt	
Proportional	Mrs. C. Vosloo	(Resigned - 20/07/2015)
Proportional	Mr. D. Du Toit	(Appointed - 01/09/2015)
Proportional	Mr. G.E.M. Carelse	
Proportional	Mr. C.D. November	
Proportional	Mr. I.M. Sileku	
Proportional	Mr. P. De Wet	
Proportional	Mrs. F.V. Mankayi	
Proportional	Mr J.P. Hendricks	(Deceased - 13/05/2016)
Proportional	Mrs. M. Appel	
Proportional	Mr. M.R. Nongxaza	
Proportional	Mr. J. van Niekerk	(Resigned - 27/08/2015)
Proportional	Mr. J. Swartz	(07/09/2015 - 10/12/2015)
Proportional	Mr. H. Gouws	(07/01/2016 - 07/03/2016)
Proportional	Mr. L. De Klerk	(31/03/2016 - 06/05/2016)
Proportional	Ms. C. Grain	(Appointed - 19/05/2016)
Proportional	Mr. A. Cupido	

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2016, which are set out on pages 1 to 85 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

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

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

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

Mr. H.S.D. Wallace
Municipal Manager

31 August 2016
Date

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THEEWATERSKLOOF MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016	2015
		R	R
NET ASSETS AND LIABILITIES			
Net Assets		**579,525,332**	**534,241,840**
Capital Replacement Reserve	2	8,599,462	15,721,475
Revaluations Reserve	2	-	-
Social Contribution Reserve	2	-	-
Accumulated Surplus		570,925,870	518,520,365
Non-Current Liabilities		**178,142,546**	**210,211,602**
Long-term liabilities	3	95,389,068	102,924,422
Employee benefits	4	47,812,149	48,342,732
Non-current provisions	5	34,941,328	58,944,447
Current Liabilities		**109,415,874**	**87,315,114**
Consumer deposits	6	4,297,431	3,893,108
Current Employee benefits	7	17,976,127	15,799,471
Provisions	8	25,090,679	-
Payables from exchange transactions	9	48,944,769	48,656,073
Unspent conditional government grants and receipts	10	5,258,810	10,497,027
Unspent Public Contributions	11	361,909	843,868
Current portion of long-term liabilities	3	7,486,149	7,625,567
Total Net Assets and Liabilities		**867,083,751**	**831,768,556**
ASSETS			
Non-Current Assets		**756,057,840**	**722,695,883**
Property, plant and equipment	13	658,284,379	613,271,605
Capitalised restoration costs	14	17,898,198	31,704,406
Investment property	15	67,514,278	67,596,150
Intangible assets	16	1,630,650	291,586
Long-term investments	16	10,726,127	9,832,136
Heritage Assets	18	-	-
Long-term receivables	19	4,208	-
Current Assets		**111,025,911**	**109,072,672**
Inventory	20	5,739,461	4,848,108
Receivables from exchange transactions	21	18,961,625	16,130,803
Receivables from non-exchange transactions	22	26,636,425	18,681,851
Unpaid conditional government grants and receipts	10	53,458	-
Operating lease asset	23.1	540,944	495,129
Taxes	12	2,650,207	447,279
Current portion of long-term receivables	19	1,321	6,811
Cash and cash equivalents	24	56,442,470	68,462,691
Total Assets		**867,083,751**	**831,768,556**

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THEEWATERSKLOOF MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	2015 R	Correction of Error - Note 39 R	2015 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**281,364,679**	**264,194,093**	**(10,386)**	**264,204,479**
Taxation Revenue		**76,025,388**	**68,637,249**	**(131,286)**	**68,768,536**
Property taxes	**25**	76,025,388	68,637,249	(131,286)	68,768,536
Transfer Revenue		**161,399,450**	**169,476,302**	**120,900**	**169,355,402**
Government Grants and Subsidies	**26**	160,335,295	168,432,011	120,900	168,311,110
Public Contributions and Donations	**27**	1,064,155	1,044,291	-	1,044,291
Other Revenue		**43,939,842**	**26,080,541**	**-**	**26,080,541**
Actuarial Gains	**4**	6,597,218	-	-	-
Third Party Payments		6,319,619	833,110	-	833,110
Fines		30,983,076	25,247,432	-	25,247,432
Reversal of impairments	**34**	39,929	-	-	-
Revenue from Exchange Transactions		**203,348,979**	**178,133,223**	**(57,353)**	**178,190,576**
Service Charges	**28**	176,654,482	153,816,787	(143,565)	153,960,353
Rental of Facilities and Equipment		1,550,997	1,467,255	-	1,467,255
Interest Earned - external investments		7,322,774	5,134,068	-	5,134,068
Interest Earned - outstanding debtors		7,971,376	6,429,529	(43,723)	6,473,252
Licences and Permits		2,274,197	2,560,578	-	2,560,578
Agency Services		2,667,145	2,435,053	-	2,435,053
Other Income	**29**	4,908,006	4,423,146	129,936	4,293,210
Gain on disposal of Property, Plant and Equipment		-	1,866,808	-	1,866,808
Total Revenue		**484,713,658**	**442,327,316**	**(67,739)**	**442,395,055**
EXPENDITURE					
Employee related costs	**30**	154,658,772	138,724,858	-	138,724,858
Remuneration of Councillors	**31**	8,939,371	8,573,261	-	8,573,261
Debt Impairment	**32**	48,810,858	36,926,127	-	36,926,127
Depreciation and Amortisation	**33**	24,598,402	10,818,053	265,456	10,552,597
Impairments	**34**	-	122,580	(1,933,680)	2,056,260
Repairs and Maintenance		23,837,002	22,109,386	(259,111)	22,368,498
Actuarial losses	**4**	54,993	230,910	-	230,910
Finance Charges	**35**	14,705,133	13,236,707	-	13,236,707
Bulk Purchases	**36**	62,105,258	54,669,586	-	54,669,586
Contracted services		20,941,359	18,526,561	1,899	18,524,663
Grants and Subsidies	**37**	1,213,827	1,350,834	-	1,350,834
Inventory Adjustments		54,739	-	-	-
General Expenses	**38**	73,712,654	58,231,814	-	58,231,814
Loss on disposal of Property,Plant and Equipment		5,797,797	4,777,696	1,032,907	3,744,789
Fair Value Adjustments	**0**				
Total Expenditure		**439,430,164**	**368,298,372**	**(892,530)**	**369,190,902**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**45,283,493**	**74,028,944**	**824,791**	**73,204,152**

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THEEWATERSKLOOF MUNICIPALITY

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

	Revaluations Reserve	Capital Replacement Reserve	Social Contribution Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
Balance at 1 JULY 2014	**81,275,442**	**6,499,770**	**55,278**	**553,988,648**	641,819,139
Correction of error and Change in Accounting Policy - Note - 39.10		-	-	(100,330,798)	(100,330,798)
Correction of error and Change in Accounting Policy - Note - 39.01	(81,275,442)	-	-	-	(81,275,442)
Restated balance at 1 JULY 2014	**-**	**6,499,770**	**55,278**	**453,657,850**	**460,212,899**
Net Surplus for the year	-	-	-	74,028,942	74,028,942
Transfer to Capital Replacement Reserve	-	10,000,000	-	(10,000,000)	-
Transfer to/from reserves	-	(778,295)	(55,278)	833,573	-
Balance at 30 JUNE 2015	**-**	**15,721,475**	**-**	**518,520,365**	**534,241,841**
Net Surplus for the year	-	-	-	45,283,492	45,283,492
Transfer from Capital Replacement Reserve	-	(14,822,013)	-	14,822,013	-
Transfer to Capital Replacement Reserve	-	7,700,000	-	(7,700,000)	-
Balance at 30 JUNE 2016	**-**	**8,599,462**	**-**	**570,925,870**	**579,525,333**

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THEEWATERSKLOOF MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	2015 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		246,176,342	216,306,194
Government grants		155,043,619	184,020,670
Public Contributions		582,196	1,399,760
Interest		15,294,151	11,563,597
Payments			
Suppliers and employees		(343,300,662)	(285,617,338)
Finance charges	35	(11,206,416)	(11,876,565)
Transfers and Grants		(1,213,827)	(1,350,834)
Cash generated by operations	40	**61,375,403**	**114,445,484**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(63,801,302)	(73,371,983)
Proceeds on Disposal of Fixed Assets		-	5,755,153
Purchase of Intangible Assets	16	(1,429,883)	(12,439)
Increase in Non-current Investments	16	(893,991)	(9,641,699)
Net Cash from Investing Activities		**(66,125,176)**	**(77,270,968)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(7,674,772)	(6,973,009)
New loans raised		-	-
Increase in Consumer Deposits		404,323	233,235
Net Cash from Financing Activities		**(7,270,449)**	**(6,739,775)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(12,020,222)**	**30,434,742**
Cash and Cash Equivalents at the beginning of the year		68,462,691	38,027,950
Cash and Cash Equivalents at the end of the year	41	56,442,470	68,462,691
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(12,020,222)**	**30,434,742**

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THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

COMPARISON OF ACTUAL AMOUNTS TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Buget)	2016 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	5,912,046	927,899	4,984,147	Unspent grants
Call investment deposits	50,530,424	50,000,000	530,424	
Consumer debtors	45,598,050	14,409,841	31,188,209	Unexpected high increase in traffic fines
Other Receivables	3,244,609	3,000,000	244,609	
Current portion of long-term receivables	1,321	6,811	(5,490)	
Inventory	5,739,461	2,200,000	3,539,461	
Total current assets	111,025,912	70,544,551	40,481,361	
Non current assets				
Long-term receivables	4,208	(6,811)	11,019	
Investments	10,726,127	-	10,726,127	This budget amount was included in the call investment deposits.
Investment property	67,514,278	151,800,351	(84,286,073)	Conversion form the revalutation model to the cost model
Property, plant and equipment	676,182,578	822,927,222	(146,744,644)	
Intangible Assets	1,630,650	948,080	682,570	
Total non current assets	756,057,840	975,668,842	(219,611,002)	
TOTAL ASSETS	**867,083,751**	**1,046,213,393**	**(179,129,642)**	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	7,486,149	7,625,567	(139,418)	
Consumer deposits	4,297,431	4,126,694	170,737	
Trade and other payables	54,565,487	38,641,390	15,924,097	Budgeted amount did not take in to concideration projected actual expenditure trends and most of spending occurs during June.
Provisions and Employee Benefits	43,066,806	16,849,272	26,217,534	
Total current liabilities	109,415,873	67,242,923	42,172,949	
Non current liabilities				
Borrowing	95,389,068	119,947,480	(24,558,411)	Capital spending was financed by own funds and new loans budget for capital project were not raised yet.
Provisions and Employee Benefits	82,753,478	111,253,893	(28,500,415)	
Total non current liabilities	178,142,545	231,201,373	(53,058,828)	
TOTAL LIABILITIES	**287,558,418**	**298,444,296**	**(10,885,878)**	
NET ASSETS	**579,525,334**	**747,769,097**	**(168,243,763)**	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	570,925,870	675,819,761	(104,893,891)	Change is accounting policy with the conversion from the revalutation model to the cost model.
Reserves	8,599,462	71,949,337	(63,349,875)	
TOTAL COMMUNITY WEALTH/EQUITY	**579,525,332**	**747,769,097**	**(168,243,765)**	

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THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Buget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	2,414,029	(1,486,129)	927,899	
Call investment deposits	20,000,000	30,000,000	50,000,000	
Consumer debtors	33,232,478	(18,822,637)	14,409,841	
Other Receivables	3,000,000	-	3,000,000	
Current portion of long-term receivables	5,429	1,382	6,811	
Inventory	2,200,000	-	2,200,000	
Total current assets	60,851,936	9,692,616	70,544,551	
Non current assets				
Long-term receivables	18,428	(25,239)	(6,811)	
Investments	-	-	-	
Investment property	139,492,813	12,307,538	151,800,351	
Property, plant and equipment	752,341,118	70,586,104	822,927,222	
Biological Assets	-	-	-	
Intangible Assets	934,257	13,823	948,080	
Heritage Assets	-	-	-	
Total non current assets	892,786,616	82,882,226	975,668,842	
TOTAL ASSETS	953,638,552	92,574,842	1,046,213,393	
LIABILITIES				
Current liabilities				The municipality adjusted the budget taking into account the previous year's actuals.
Bank overdraft	-	-	-	
Borrowing	8,337,681	(712,114)	7,625,567	
Consumer deposits	4,112,236	14,458	4,126,694	
Trade and other payables	38,978,693	(337,303)	38,641,390	
Provisions and Employee Benefits	15,009,663	1,839,609	16,849,272	
Total current liabilities	66,438,273	804,651	67,242,923	
Non current liabilities				
Borrowing	117,307,093	2,640,386	119,947,480	
Provisions and Employee Benefits	77,662,594	33,591,299	111,253,893	
Total non current liabilities	194,969,687	36,231,685	231,201,373	
TOTAL LIABILITIES	261,407,960	37,036,336	298,444,296	
NET ASSETS	692,230,592	55,538,506	747,769,097	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	607,389,345	68,430,416	675,819,761	
Reserves	84,841,247	(12,891,910)	71,949,337	
TOTAL COMMUNITY WEALTH/EQUITY	692,230,592	55,538,506	747,769,097	

The classification basis of the budget and financial statements are different and the statements of comparison of budget and actual amounts were compiled in terms of the budget classifications.

AUDITOR-GENERAL SOUTH AFRICA
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THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL AMOUNTS TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	76,025,388	75,213,437	811,951	
Property rates - penalties & collection charges	-	-	-	
Service charges	176,654,482	176,564,989	89,493	
Rental of facilities and equipment	1,550,997	1,726,327	(175,330)	
Interest earned - external investments	7,322,774	4,500,000	2,822,774	
Interest earned - outstanding debtors	7,971,376	6,804,000	1,167,376	
Dividends received	-	-	-	
Fines	30,983,076	25,743,008	5,240,068	Unexpected high increase in traffic fines
Licences and permits	2,274,197	2,582,570	(308,373)	
Agency services	2,667,145	2,477,790	189,355	
Government Grants and Subsidies	160,335,295	201,367,083	(41,031,788)	Unspent grants
Other revenue	18,928,927	5,884,242	13,044,685	Did not budget for actuarial gains and payments from third parties as it is difficult to estimate.
Gains on disposal of PPE	-	2,246,750	(2,246,750)	
Total Operating Revenue	484,713,658	505,110,196	(20,396,538)	
EXPENDITURE BY TYPE				
Employee related costs	154,658,772	155,367,021	(708,249)	
Remuneration of councillors	8,939,371	9,678,919	(739,548)	
Debt impairment	48,810,858	49,794,576	(983,718)	
Depreciation & asset impairment	24,598,402	28,819,234	(4,220,832)	Conversion form the revalutation model to the cost model
Finance charges	14,705,133	13,496,064	1,209,069	
Bulk purchases	62,105,258	61,253,222	852,036	
Other materials	-	-	-	
Contracted services	20,941,359	23,553,212	(2,611,853)	
Grants and subsidies paid	1,213,827	1,500,000	(286,173)	
Other expenditure	97,659,387	145,486,925	(47,827,538)	Underspending of housing top structure.
Loss on disposal of PPE	5,797,797	-	5,797,797	Loss due damage to Grabouw traffic department during a riot and vandalism of Villiersdorp tennis club
Total Operating Expenditure	439,430,164	488,949,173	(49,519,009)	
Operating Surplus for the year	45,283,493	16,161,023	29,122,470	

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THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Buget)	2016 R Final Virements	2016 R (Final Year-end Buget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	75,213,437	-	75,213,437	-	75,213,437	
Property rates - penalties & collection charges	-	-	-	-		
Service charges	178,273,618	(1,708,629)	176,564,989	-	176,564,989	
Rental of facilities and equipment	1,763,646	(37,319)	1,726,327	-	1,726,327	
Interest earned - external investments	2,606,100	1,893,900	4,500,000	-	4,500,000	
Interest earned - outstanding debtors	6,804,000	-	6,804,000	-	6,804,000	
Dividends received	-	-	-	-	-	
Fines	15,257,042	10,485,966	25,743,008	-	25,743,008	
Licences and permits	2,602,524	(19,954)	2,582,570	-	2,582,570	
Agency services	2,477,790	-	2,477,790	-	2,477,790	
Transfers recognised	175,002,590	26,364,493	201,367,083	-	201,367,083	
Other revenue	3,956,806	1,927,436	5,884,242	-	5,884,242	
Gains on disposal of PPE	2,246,750	-	2,246,750	-	2,246,750	
Total Operating Revenue	**466,204,303**	**38,905,893**	**505,110,196**	**-**	**505,110,196**	
EXPENDITURE BY TYPE						
Employee related costs	153,720,874	1,646,147	155,367,021	-	155,367,021	
Remuneration of councillors	10,479,219	(800,300)	9,678,919	-	9,678,919	
Debt impairment	31,745,000	10,757,000	42,502,000	7,292,576	49,794,576	Inadequate impairment due to unexpected increase in traffic fines.
Depreciation & asset impairment	27,080,869	5,681,955	32,762,824	(3,943,590)	28,819,234	
Finance charges	13,496,064	-	13,496,064	-	13,496,064	
Bulk purchases	62,253,222	(1,000,000)	61,253,222	-	61,253,222	
Other materials	-	-	-	-	-	
Contracted services	24,387,809	(1,029,597)	23,358,212	195,000	23,553,212	
Grants and subsidies paid	1,000,000	500,000	1,500,000	-	1,500,000	
Other expenditure	125,168,305	23,862,606	149,030,911	(3,543,986)	145,486,925	
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	**449,331,362**	**39,617,811**	**488,949,173**	**-**	**488,949,173**	
Operating Surplus/(Deficit) for the year	**16,872,941**	**(711,918)**	**16,161,023**	**-**	**16,161,023**	

The classification basis of the budget and financial statements are different and the statements of comparison of budget and actual amounts were compiled in terms of the budget classifications.

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THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL AMOUNTS TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	246,758,538	273,555,567	(26,797,029)	Payment percentage lower than anticipated.
Government Grants	155,043,619	190,023,331	(34,979,712)	Housing grant allocation budgeted but not spent.
Interest	15,294,151	11,304,000	3,990,151	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(343,300,662)	(416,708,563)	73,407,901	Underspending of various votes
Finance charges	(11,206,416)	(12,196,064)	989,648	
Transfers and Grants	(1,213,827)	(1,500,000)	286,173	
NET CASH FROM/(USED) OPERATING ACTIVITIES	61,375,403	44,478,271	16,897,131	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	6,811	(6,811)	
Decrease/(increase) in non-current investments	(893,991)	9,832,136	(10,726,127)	Incorrectly budgeted.
Payments				
Capital assets	(65,231,185)	(79,790,925)	14,559,740	Delays in EIA's and contractors inviolation of agreement on delivery dates.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(66,125,177)	(69,951,978)	3,826,803	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	15,330,895	(15,330,895)	Internal funds was used to finance capital expenditure and therefore loans were not raised.
Increase/(decrease) in consumer deposits	404,323	233,586	170,737	
Payments				
Repayment of borrowing	(7,674,772)	(7,625,567)	(49,205)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7,270,448)	7,938,914	(15,209,363)	
NET INCREASE/(DECREASE) IN CASH HELD	(12,020,222)	(17,534,793)	5,514,571	
Cash and Cash Equivalents at the beginning of the year	68,462,691	68,462,692	(1)	
Cash and Cash Equivalents at the end of the year	56,442,470	50,927,899	5,514,571	

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THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	239,588,257	33,967,310	273,555,567	
Government - operating	136,385,923	13,849,267	150,235,190	
Government - capital	38,616,667	1,171,474	39,788,141	
Interest	8,337,600	2,966,400	11,304,000	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(368,260,327)	(48,448,235)	(416,708,563)	
Finance charges	(12,196,064)	-	(12,196,064)	
Transfers and Grants	(1,000,000)	(500,000)	(1,500,000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	41,472,056	3,006,216	44,478,271	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	2,246,750	(2,246,750)	-	
Decrease/(increase) in non-current receivables	-	6,811	6,811	
Decrease/(increase) in non-current investments	-	9,832,136	9,832,136	The municipality adjusted the budget taking into account the previous year's actuals.
Payments				
Capital assets	(60,972,919)	(18,818,006)	(79,790,925)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(58,726,169)	(11,225,809)	(69,951,978)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	11,550,000	3,780,895	15,330,895	
Increase/(decrease) in consumer deposits	232,768	818	233,586	
Payments				
Repayment of borrowing	(6,973,907)	(651,660)	(7,625,567)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	4,808,861	3,130,053	7,938,914	
NET INCREASE/(DECREASE) IN CASH HELD	(12,445,252)	(5,089,540)	(17,534,793)	
Cash and Cash Equivalents at the beginning of the year	34,859,281	33,603,411	68,462,692	
Cash and Cash Equivalents at the end of the year	22,414,029	28,513,871	50,927,899	

The classification basis of the budget and financial statements are different and the statements of comparison of budget and actual amounts were compiled in terms of the budget classifications.

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1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

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

In terms of Directive 11: "Changes in Measurement Bases following Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality had the following changes in accounting policy:

- Land and Buildings (Property, Plant and Equipment) was changed from the revaluation model to the cost model.
- Investment Property was changed from the fair value model to the cost model.
- Heritage Assets was changed from the revaluation model to the cost model.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

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1.4. COMPARATIVE INFORMATION

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

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors and changes in accounting policy in terms of Directive 11.

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and based on the Municipal Budget and Reporting Regulations format. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

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

The comparable information includes the following:

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

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

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements. Material differences for budget comparison purposes are being defined by Management as 10% of a specific line-item with a minimum of R4 million.

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

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

Standard	Description	Effective Date
GRAP 18 **(Original – Feb 2011)**	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information, to a large extent, is already included in the appendices to the financial statements which do not form part of the audited financial statements.	**Unknown**
GRAP 20 **(Original – June 2011)**	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to formulate an Accounting Policy based on the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	**Unknown**
GRAP 32 **(Original – Aug 2013)**	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
GRAP 108 **(Original – Sept 2013)**	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	**Unknown**

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Standard	Description	Effective Date
GRAP 109	**Accounting by Principles and Agents** The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.	**Unknown**
IGRAP17	**Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset** This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No such transactions or events are expected in the foreseeable future.	**Unknown**

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

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

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

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

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

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1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. Municipality as Lessee

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

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

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

1.10.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

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Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

1.13. UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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

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

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

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

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

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

1.15. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

1.15.1. Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

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

1.15.2. Long Service Awards

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

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

1.15.3. Provision for Staff Leave

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

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

1.15.4. Staff Bonuses Accrued

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

1.15.5. Provision for Performance Bonuses

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

1.15.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.15.7. Other Short-term Employee Benefits

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When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

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

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

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major

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spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2. Subsequent Measurement – Cost Model

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

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

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		*Years*
Infrastructure		**Other**	
Roads and Stormwater	5 - 155	Buildings	20 -100
Refuse	20 - 50	Specialist vehicles	10 - 35
Electricity	10 - 100	Other vehicles	5 - 30
Water	10 - 200	Office equipment	3 -15
Sewerage	10 - 200	Furniture and fittings	5-20
Housing	10 - 100	Watercraft	15 - 30
		Bins and containers	5 - 15
Community		Specialised plant and Equipment	5 -35
Buildings	20 - 100	Other plant and Equipment	2- 25
Recreational Facilities	20-30	Landfill sites	20 - 100
Security	5 - 15	Quarries	20 - 100
Halls	20-30	Emergency equipment	5 - 25
Libraries	20-30	Computer equipment	3 - 15
Parks and gardens	15-20		
Other assets	15-30		
Finance lease assets			
Office equipment	3 - 15		
Other assets	5 – 15		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The

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impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

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

1.17.6 Land and Buildings – changes in measurement bases (Directive 11)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 11 of the Accounting Standards Board, issued in March 2014. The Municipality changes the measurement bases for Land and Buildings on a once-off basis, from the Revaluation Model to the Cost Model, due to an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are

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attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

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

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software / Licences	10

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

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been

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recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property is recognised as an asset when, and only when:

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

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

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. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

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

1.19.3. Depreciation and Impairment

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Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	100

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

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

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.19.6. Changes in measurement bases (Directive 11)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 11 of the Accounting Standards Board, issued in March 2014. The Municipality changes the measurement bases for Investment Property on a once-off basis, from the Fair Value Model to the Cost Model, due to an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

1.20. HERITAGE ASSETS

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1.20.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only 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.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2. Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3. Depreciation and Impairment

Heritage assets are not depreciated.

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

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

1.20.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2011.

1.20.6. Changes in measurement bases (Directive 11)

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The Municipality opted to take advantage of the transitional provisions as contained in Directive 11 of the Accounting Standards Board, issued in March 2014. The Municipality changes the measurement bases for Heritage Assets on a once-off basis, from the Revaluation Model to the Cost Model, due to an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. Cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there

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is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

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

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

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

1.21.2. Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

- Evidence is available of physical damage of an asset.

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

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

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

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

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

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

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

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

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An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.22. INVENTORIES

1.22.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

1.22.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

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

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1.23. FINANCIAL INSTRUMENTS

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

1.23.1. Initial Recognition

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

1.23.2. Subsequent Measurement

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

1.23.2.1. Receivables

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

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

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Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

Receivables for fines outstanding are impaired based on payment history.

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

1.23.2.2. *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3. *Cash and Cash Equivalents*

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

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

1.23.2.4. *Non-Current Investments*

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

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

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

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

1.23.3. De-recognition of Financial Instruments

1.23.3.1. *Financial Assets*

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

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

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

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

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

1.23.3.2. *Financial Liabilities*

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4. Offsetting of Financial Instruments

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

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1.24. STATUTORY RECEIVABLES

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

1.24.1. Initial Recognition

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

1.24.2. Measurement

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

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

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

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

1.24.3. Derecognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another

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party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

(i) derecognise the receivable; and
(ii) recognise separately any rights and obligations created or retained in the transfer.

1.25. REVENUE

1.25.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fine revenue is recognised as from 1 July 2013 prospectively in terms of changes to 1GRAP1, when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes. Traffic fines older than two years are written off.

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

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

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

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

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge. The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably. When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition. If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.25.2. Revenue from Exchange Transactions

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

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

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

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 10 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

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

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

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

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

1.26. RELATED PARTIES

The Municipality resolved to formulate an Accounting Policy based on the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

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

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

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

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

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;

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

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.27. UNAUTHORISED EXPENDITURE

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

1.28. IRREGULAR EXPENDITURE

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

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the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

1.31.1. Post retirement medical obligations and Long service awards

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2. Impairment of Receivables

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

1.31.3. Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

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

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

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

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

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

1.31.4. Intangible Assets

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

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

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

1.31.5. Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

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

1.31.6. Provisions and Contingent Liabilities

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

1.31.7. Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.), specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership

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of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8. Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance. All landfills sites are fully contaminated and therefore fully provided for the cost of rehabilitation.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

1.31.9. Provision for Staff leave

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

1.31.10. Provision for Performance bonuses

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

1.31.11. Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

1.31.12. Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives.

1.32. TAXES – VALUE ADDED TAX

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Revenue, expenses and assets are recognised net of the amounts of value added tax. The amount of Value Added Tax recoverable from, and payable to, the taxation authority is included as part of receivables and payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance (exclusive of Value Added Tax) committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. EVENTS AFTER REPORTING DATE

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

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

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

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		2016 R	2015 R
2	**NET ASSET RESERVES**		
	Capital Replacement Reserve	8,599,462	15,721,475
	Revaluations Reserve	-	-
	Balance previously reported		84,991,026
	Correction of error - Note 39.01		(84,991,026)
	Social Contributions Reserve	-	-
	Total Net Asset Reserves	**8,599,462**	**15,721,475**

3	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	85,579,171	93,068,542
	Capitalised Lease Liability - At amortised cost	273,077	458,477
	Stock loans	17,022,970	17,022,970
		102,875,217	**110,549,989**
	Current Portion transferred to Current Liabilities	**(7,486,149)**	**(7,625,567)**
	Annuity Loans - At amortised cost	(7,363,727)	(7,492,037)
	Capitalised Lease Liability - At amortised cost	(122,422)	(133,531)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**95,389,068**	**102,924,422**

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:	**Minimum annuity payments**	
Amounts payable under annuity loans:		
Payable within one year	16,191,145	17,109,242
Payable within two to five years	55,355,432	59,397,952
Payable after five years	72,865,818	85,012,273
	144,412,395	161,519,467
Less: Future finance obligations	(58,833,224)	(68,450,924)
Present value of annuity obligations	**85,579,171**	**93,068,542**

Annuity loans at amortised cost is calculated at 8.25%-16.5% interest rate, with first maturity date of 31 July 2017 and last maturity date of 31 December 2030.

The obligations under finance leases are scheduled below:	**Minimum lease payments**	
Amounts payable under finance leases:		
Payable within one year	185,400	185,400
Payable within two to five years	185,400	370,800
Payable after five years	-	-
	370,800	556,200
Less: Future finance obligations	(97,723)	(97,723)
Present value of lease obligations	**273,077**	**458,477**

The capitalised lease liability consist of the following contract:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
DFA Solutions	Laptop computers	23.06%	0%	3 Years	30-06-2018

Leases are secured by property, plant and equipment, which consist of laptop computers - Note 13

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		2016 R	2015 R
3	**LONG-TERM LIABILITIES (CONTINUE)**		
	The obligations under stock loans are scheduled below:	**Minimum stock loan payments**	
	Amounts payable under stock loans:		
	Payable within one year	1,598,211	1,602,327
	Payable within two to five years	7,251,022	7,348,984
	Payable after five years	22,882,906	24,383,156
		31,732,140	33,334,467
	Less: Future finance obligations	(14,709,170)	(16,311,497)
	Present value of stock loan obligations	**17,022,970**	**17,022,971**
4	**EMPLOYEE BENEFITS**		
	Post Retirement Benefits - Refer to Note 4.1	42,213,766	43,219,615
	Long Service Awards - Refer to Note 4.2	5,598,383	5,123,117
	Total Non-current Employee Benefit Liabilities	**47,812,149**	**48,342,732**
	Post Retirement Benefits		
	Balance 1 July	44,482,543	39,370,907
	Contribution for the year	2,945,989	2,687,932
	Interest Cost	3,939,752	3,509,801
	Expenditure for the year	(1,269,172)	(1,220,187)
	Actuarial Loss/ (Gain)	(6,597,218)	134,090
	Total post retirement benefits 30 June	**43,501,894**	**44,482,543**
	Less: Transfer of Current Portion - Note 7	(1,288,128)	(1,262,928)
	Balance 30 June	**42,213,766**	**43,219,615**
	Long Service Awards		
	Balance 1 July	5,600,712	4,990,435
	Contribution for the year	604,855	505,161
	Interest Cost	435,659	388,217
	Expenditure for the year	(396,730)	(379,921)
	Actuarial Loss/ (Gain)	54,993	96,820
	Total long service 30 June	**6,299,489**	**5,600,712**
	Less: Transfer of Current Portion - Note 7	(701,106)	(477,595)
	Balance 30 June	**5,598,383**	**5,123,117**
	TOTAL NON-CURRENT EMPOLYEE BENEFITS		
	Balance 1 July	50,083,255	44,361,342
	Contribution for the year	3,550,844	3,193,093
	Interest cost	4,375,411	3,898,018
	Expenditure for the year	(1,665,902)	(1,600,108)
	Actuarial (Gain)/ Loss	(6,542,225)	230,910
	Total employee benefits 30 June	**49,801,383**	**50,083,255**
	Less: Transfer of Current Portion - Note 7	(1,989,234)	(1,740,523)
	Balance 30 June	**47,812,149**	**48,342,732**

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		2016 R	2015 R
4	**EMPLOYEE BENEFITS (CONTINUE)**		
4.1	**Post Retirement Benefits**		

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

In-service (employee) members	176	166
In-service (employee) non-members	420	425
Continuation members (e.g. Retirees, widows, orphans)	36	34
Total Members	**632**	**625**

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

In-service members	19,996,232	21,438,559
In-service non-members	5,562,422	5,273,310
Continuation members	17,943,240	17,770,674
Total Liability	**43,501,894**	**44,482,543**

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

	2014 R	2013 R	2012 R
Members	39,370,907	31,670,577	29,679,626
Total Liability	**39,370,907**	**31,670,577**	**29,679,626**

Experience adjustments were calculated as follows:	2016 R	2015 R	2014 R	2013 R	2012 R
Liabilities: (Gain) / loss	(1,351,000)	(68,000)	2,747,000	(384,000)	(1,390,000)
Assets: Gain / (loss)	-	-	-	-	-

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

Bonitas;
LA Health;
Hosmed;
Samwumed; and
Keyhealth.

The Future-service Cost for the ensuing year is estimated to be R2 699 758, whereas the Interest Cost for the next year is estimated to be R4 050 085.

Key actuarial assumptions used:	2016 %	2015 %
i) Rate of interest		
Discount rate	9.45%	8.98%
Health Care Cost Inflation Rate	8.49%	8.07%
Net Effective Discount Rate	0.88%	0.84%
Maximum Subsidy Inflation Rate	5.99%	-
Net Discount Rate for Capped Subsidies	3.26%	-

A discount rate of 9.45% per annum has been used. The corresponding index-linked yield at this term is 1,83%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2016

ii) Mortality rates

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

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	2016 R	2015 R

4 EMPLOYEE BENEFITS (CONTINUE)

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Actuarial Valuation Method

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

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

Present value of fund obligations	43,501,894	44,482,543
Net liability	**43,501,894**	**44,482,543**

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	44,482,543	39,370,907
Total expenses	5,616,569	4,977,546
Current service cost	2,945,989	2,687,932
Interest Cost	3,939,752	3,509,801
Benefits Paid	(1,269,172)	(1,220,187)
Actuarial loss / (Gain)	(6,597,218)	134,090
Present value of fund obligation at the end of the year	43,501,894	44,482,543
Less: Transfer of Current Portion - Note 7	(1,288,128)	(1,262,928)
Balance 30 June	**42,213,766**	**43,219,615**

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability	Continuation members liability	Total liability (Rm)
Central Assumptions	25,559,000	17,943,000	43,502,000

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (R)	Continuation members liability (R)	Total liability (R)	% change
Health care inflation	1%	27,389,000	18,729,000	46,117,000	6%
Health care inflation	-1%	22,976,000	16,992,000	39,968,000	-8%
Discount Rate	1%	21,227,000	16,402,000	37,629,000	-14%
Discount Rate	-1%	31,160,000	19,749,000	50,909,000	17%
Post-retirement mortality	-1 year	26,266,000	18,577,000	44,843,000	3%
Average retirement age	-1 year	26,818,000	17,943,000	44,761,000	3%
Continuation of membership at retirement	-10%	19,918,000	17,943,000	37,862,000	-13%

Sensitivity Analysis on the future service cost and interest cost

Assumption	Change	Current Service Cost R	Interest Cost R	Total R	% change
Central Assumptions		2,699,800	4,050,100	6,749,900	
The effect of movements in the assumptions are as follows:					
Health care inflation	1%	2,902,300	4,297,200	7,199,500	7%
Health care inflation	-1%	2,401,200	3,716,200	6,117,400	-9%
Discount rate	1%	2,217,200	3,865,400	6,082,600	-10%
Discount rate	-1%	3,329,300	4,246,900	7,576,200	12%
Post-retirement mortality	-1 year	2,773,800	4,176,800	6,950,600	3%
Average retirement age	-1 year	2,793,000	4,169,000	6,962,000	3%
Continuation of membership at retirement	-10%	2,082,500	3,517,300	5,599,800	-17%

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	2016	2015

4 EMPLOYEE BENEFITS (CONTINUE)

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	596	591

Key actuarial assumptions used:	2016 %	2015 %
i) Rate of interest		
Discount rate	8.57%	8.12%
General Salary Inflation (long-term)	7.22%	7.14%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.26%	0.91%

The discount rate of 8,57% per annum has been used. This is derived by using a liability-weighted average of the yields corresponding to the actual term until payment of long service awards, for each employee. The corresponding liability-weighted index-linked yield is 1,74%. These rates do not reflect any adjustment for taxation. These rates were deduced from theyield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2016

ii) Actuarial Valuation Method

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

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

Present value of fund obligations	6,299,489	5,600,712
Net liability	**6,299,489**	**5,600,712**

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

	2014 R	2013 R	2012 R
Total Liability	**4,990,435**	**4,565,521**	**3,890,156**

Experience adjustments were calculated as follows:	2016 R	2015 R	2014 R	2013 R	2012 R
Liabilities: (Gain) / loss	222,964	125,780	(63,677)	(246,582)	21,373
Assets: Gain / (loss)	-	-	-	-	-

Reconciliation of present value of fund obligation:	2016 R	2015 R
Present value of fund obligation at the beginning of the year	5,600,712	4,990,435
Total expenses	643,784	513,457
Current service cost	604,855	505,161
Interest Cost	435,659	388,217
Benefits Paid	(396,730)	(379,921)
Actuarial loss	54,993	96,820
Present value of fund obligation at the end of the year	6,299,489	5,600,712
Less: Transfer of Current Portion - Note 7	(701,106)	(477,595)
Balance 30 June	**5,598,383**	**5,123,117**

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4 EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		6,299,000	
General salary inflation	1%	6,744,000	7%
General salary inflation	-1%	5,900,000	-6%
Discount Rate	1%	5,883,000	-7%
Discount Rate	-1%	6,771,000	7%
Average retirement age	-2 years	5,394,000	-14%
Average retirement age	2 years	7,046,000	12%
Withdrawal rates	-50%	7,734,000	23%

Sensitivity Analysis on the current- service cost and interest cost for year ending 30/6/2017

Assumption	Change	Current Service Cost	Interest Cost	Total	% change
		R	R	R	
Central Assumptions		668,500	510,300	1,178,800	
The effect of movements in the assumptions are as follows:					
General salary inflation	1%	728,000	548,300	1,276,300	8%
General salary inflation	-1%	615,900	476,300	1,092,200	-7%
Discount rate	1%	619,700	530,200	1,149,900	-2%
Discount rate	-1%	724,600	486,400	1,211,000	3%
Average retirement age	-2 years	586,200	432,800	1,019,000	-14%
Average retirement age	2 years	739,600	574,400	1,314,000	11%
Withdrawal rates	-50%	910,600	633,300	1,543,900	31%

4.3 Retirement funds

	2016 R	2015 R

CAPE JOINT PENSION FUND

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

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

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

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2014 - 99.9%).

Contributions paid recognised in the Statement of Financial Performance	14,387,485	12,608,636

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 153.1% (30 June 2014 - 101.7%).

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		2016 R	2015 R
4	**EMPLOYEE BENEFITS (CONTINUE)**		

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund	182,529	232,041
SALA Pension Fund	147,382	135,866
SAMWU National Provident Fund	2,093,151	2,156,824
IMATU Provident Fund	38,795	35,804
	2,461,857	2,560,536

5	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	34,941,328	58,944,447
	Total Non-current Provisions	**34,941,328**	**58,944,447**

Landfill Sites

Balance 1 July	58,944,447	25,965,070
Contribution for the year	1,087,560	32,979,377
Total provision 30 June	**60,032,007**	**58,944,447**
Less: Transfer of Current Portion to Current Provisions 8	(25,090,679)	-
Balance 30 June	**34,941,328**	**58,944,447**

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the following landfill sites at the end of its useful life:

Location	Site Dimensions	Estimated decommission date	Cost of Rehabilitation 2016	Cost of Rehabilitation 2015
Caledon	58 300m^2	2017	25,090,679	24,758,729
Genadendal	15 240m^2	2019	7,986,441	7,785,764
Greyton	16 000m^2	2019	8,247,622	8,080,063
Riviersonderend	10 720m^2	2019	7,897,679	7,767,117
Villiersdorp	21 110m^2	2019	10,809,586	10,552,774
			60,032,007	**58,944,447**

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

		2016 R	2015 R
6	**CONSUMER DEPOSITS**		
	Water & Electricity	4,297,431	3,893,108
	Total Consumer Deposits	**4,297,431**	**3,893,108**
	Guarantees held in lieu of Electricity and Water Deposits	219,717	219,717

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

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		2016 R	2015 R
7	**CURRENT EMPLOYEE BENEFITS**		
	Current Portion of Post Retirement Benefits - Note 4	1,288,128	1,262,928
	Current Portion of Long-Service Provisions - Note 4	701,106	477,595
	Staff Leave	10,773,371	9,411,958
	Performance Bonuses	965,950	805,607
	Annual Bonuses	3,659,825	3,373,929
	Pension	34,904	34,904
	Group Insurance	185,904	204,593
	Overtime	366,938	227,956
	Balance previously reported		29,664
	Correction of error - Note 39.05		198,293
	Total Current Employee Benefits	**17,976,127**	**15,799,471**

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	9,411,958	8,405,940
Contribution / (reversal) for the year - Note 30	2,002,843	1,947,119
Expenditure incurred	(641,429)	(941,100)
Balance at end of year	**10,773,371**	**9,411,958**

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

Performance Bonuses

Balance at beginning of year	805,607	653,354
Contribution / (reversal) for the year	830,339	906,638
Expenditure incurred	(669,997)	(754,385)
Balance at end of year	**965,950**	**805,607**

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

Annual Bonuses

Balance at beginning of year	3,373,929	2,967,709
Contribution for the year	7,091,221	6,805,324
Expenditure incurred	(6,805,324)	(6,399,104)
Balance at end of year	**3,659,825**	**3,373,929**

Annual bonuses are being paid after one year service. There is no possibility of reimbursement.

Pension

Balance at beginning of year	34,904	52,274
Expenditure incurred	-	(17,370)
Balance at end of year	**34,904**	**34,904**

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

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		2016 R	2015 R
7	**CURRENT EMPLOYEE BENEFITS**		
	Group Insurance		
	Fair Value at beginning of year	204,593	190,437
	Fair Value adjustment during the year.	(18,689)	14,156
	Fair value at end of year	**185,904**	**204,593**

Shares accruing and to be apportioned to staff contributing to the Sanlam Group insurance scheme. The timing of the payment is uncertain. The possibility of reimbursement is being investigated.

	Overtime		
	Balance at beginning of year	227,956	198,293
	Contribution to current portion	366,938	29,664
	Expenditure incurred	(227,956)	-
	Balance at end of year	**366,938**	**227,956**

Overtime for staff worked in current financial year, but paid in next financial year.

8	**PROVISIONS**		
	Current Portion of Rehabilitation of Landfill-sites - Note 5	25,090,679	-
	Total Provisions	**25,090,679**	**-**

9	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	27,203,008	29,151,856
	Balance previously reported		28,468,536
	Correction of error - Note 39.06		683,320
	Interest Accrued	1,219,375	1,235,870
	Payments received in advance	5,538,202	4,142,812
	Prepaid unused electricity units	844,887	832,601
	Retentions	12,726,904	12,119,776
	Balance previously reported		14,504,904
	Correction of error - Note		(2,385,128)
	Sundry Deposits	1,011,524	950,595
	Land Sales deposits	400,869	222,562
	Total Trade Payables	**48,944,769**	**48,656,073**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts. The municipality did not default on any of it's obligations.

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

Sundry deposits include Hall, Builders and Housing Deposits.

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		2016 R	2015 R
10	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	5,258,810	10,497,027
	National Government Grants	728,373	954,916
	Provincial Government Grants	2,752,753	9,214,428
	Balance previously reported		9,335,328
	Correction of error - Note 39.03		(120,900)
	Other Grant Providers	1,777,683	327,683
	Less: Unpaid Grants	53,458	-
	National Government Grants	53,458	-
	Total Conditional Grants and Receipts	**5,205,351**	**10,497,027**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants was withheld.

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

11	**UNSPENT PUBLIC CONTRIBUTIONS**		
	HAN - Hogeschool van Arnhem en Nijmegen	199,751	631,360
	IDC - Industrial Development Corporation	162,158	212,508
	Total Unspent Public Contributions	**361,909**	**843,868**
	Reconciliation of public contributions		
	HAN		
	Opening balance	631,360	222,011
	Contributions received	582,196	1,399,760
	Conditions met - Transferred to revenue	(1,013,805)	(990,411)
	Closing balance	199,751	631,360

The grant is for the upliftment of previously disadvantaged communities

	Industrial Development Corporation		
	Opening balance	212,508	266,388
	Conditions met - Transferred to revenue	(50,350)	(53,880)
	Closing balance	162,158	212,508

The grant is for the promotion of local economic development and tourism.

12	**TAXES**		
12.1	**VAT PAYABLE**		
	VAT Payable	10,321,334	10,167,822
	Less: Contribution to provision for impairment of trade receivables from exchange transactions	(8,927,834)	(7,462,913)
	Vat payable	**1,393,500**	**2,704,909**
12.2	**VAT RECEIVABLE**		
	VAT Receivable	4,043,707	3,152,188
	Balance previously reported		2,389,657
	Correction of error - Note 39.07		762,531
	Total VAT receivable	**4,043,707**	**3,152,188**
12.3	**NET VAT RECEIVABLE/(PAYABLE)**	**2,650,207**	**447,279**

VAT is receivable/payable on the cash basis.

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13 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2016

Reconciliation of Carrying Value	Cost				Accumulated Depreciation Charges and Impairment Losses					Carrying Value
	Opening Balance R	Additions R	Disposals and Transfers R	Closing Balance R	Opening Balance R	Depreciation for the year R	Impairment for the year R	Disposals R	Closing Balance R	R
Land and Buildings	**102,836,775**	**4,210,265**	**(3,375,884)**	**103,671,156**	**8,271,905**	**400,165**	**-**	**(299,007)**	**8,373,063**	**95,298,093**
Land	40,940,898	148,711	-	41,089,609	5,245,710	-	-	-	5,245,710	35,843,899
Buildings	61,895,877	4,061,554	(3,375,884)	62,581,547	3,026,195	400,165	-	(299,007)	3,127,353	59,454,194
Infrastructure	**573,862,754**	**52,034,279**	**-**	**625,897,034**	**86,913,769**	**9,910,250**	**-**	**-**	**96,824,019**	**529,073,015**
Roads and Storm water	120,970,910	3,517,762	-	124,488,672	36,711,260	2,527,240	-	-	39,238,500	85,250,171
Electricity Network	57,274,619	12,921,984	-	70,196,603	10,606,138	1,281,719	-	-	11,887,857	58,308,746
Sewerage Network	144,808,642	18,894,927	-	163,703,569	15,256,835	3,412,369	-	-	18,669,204	145,034,366
Water Network	133,853,033	6,580,831	-	140,433,864	23,555,447	2,564,152	-	-	26,119,599	114,314,265
Refuse Removal	1,538,741	3,049,449	-	4,588,190	158,027	13,310	-	-	171,337	4,416,853
Housing Infrastructure	115,416,809	7,069,326	-	122,486,135	626,062	111,460	-	-	737,522	121,748,613
Community Assets	**1,217,194**	**-**	**(453,570)**	**763,623**	**316,177**	**95,452**	**-**	**(120,935)**	**290,694**	**472,929**
Parks & Gardens	1,015,494	-	(453,570)	561,924	248,950	28,216	-	(120,935)	156,231	405,692
Cemeteries	201,699	-	-	201,699	67,227	67,236	-	-	134,463	67,236
Lease Assets	**581,077**	**-**	**-**	**581,077**	**71,465**	**173,615**	**-**	**-**	**245,080**	**335,997**
Office Equipment	581,077	-	-	581,077	71,465	173,615	-	-	245,080	335,997
Other Assets	**43,157,419**	**7,556,758**	**(3,860,175)**	**46,854,002**	**12,810,297**	**2,441,123**	**-**	**(1,501,765)**	**13,749,656**	**33,104,346**
Vehicles	3,567,448	1,048,242	(175,049)	4,440,640	763,346	243,191	-	(56,210)	950,327	3,490,313
Tools & Equipment	5,061,552	55,670	(1,257,864)	3,859,358	1,861,053	332,773	-	(394,860)	1,798,966	2,060,392
Furniture	1,599,260	256,821	(129,008)	1,727,072	594,391	89,122	-	(43,769)	639,743	1,087,329
Equipment	4,331,422	1,132,642	(831,448)	4,632,616	1,923,420	304,576	-	(402,731)	1,825,265	2,807,351
Special Vehicles	20,075,865	3,665,664	(456,816)	23,284,714	4,459,363	836,807	-	(118,656)	5,177,513	18,107,201
Tables	502,820	69,455	(23,323)	548,952	192,829	30,352	-	(6,516)	216,665	332,287
Chairs	915,505	118,605	(37,069)	997,041	340,321	59,361	-	(10,205)	389,477	607,563
Office Equipment	2,410,478	604,769	(372,119)	2,643,128	1,119,299	198,415	-	(126,362)	1,191,352	1,451,776
Computer Hardware	4,445,829	396,527	(488,559)	4,353,798	1,453,841	325,209	-	(310,970)	1,468,080	2,885,717
Other	247,240	208,363	(88,920)	366,683	102,435	21,318	-	(31,486)	92,267	274,417
	721,655,218	**63,801,302**	**(7,689,629)**	**777,766,892**	**108,383,613**	**13,020,605**	**-**	**(1,921,707)**	**119,482,512**	**658,284,379**

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30 JUNE 2015

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation Charges and Impairment Losses					Carrying Value
	Opening Balance (Restated) R	Additions (Restated) R	Disposals and Transfers R	Closing Balance R	Opening Balance (Restated) R	Depreciation for the year (Restated) R	Impairment for the year (Restated) R	Disposals R	Closing Balance R	R
Land and Buildings	**91,183,702**	**11,653,073**	**-**	**102,836,775**	**7,730,296**	**404,418**	**137,191**	**-**	**8,271,905**	**94,564,870**
Land	40,940,898	-	-	40,940,898	5,108,518	-	137,191	-	5,245,710	35,695,188
Buildings	50,242,805	11,653,073	-	61,895,877	2,621,778	404,418	-	-	3,026,195	58,869,682
Infrastructure	**515,016,554**	**58,846,201**	**-**	**573,862,754**	**78,649,718**	**8,264,051**	**-**	**-**	**86,913,769**	**486,948,985**
Roads and Storm water	116,504,106	4,466,804	-	120,970,910	34,163,069	2,548,192	-	-	36,711,260	84,259,649
Electricity Network	49,851,708	7,422,911	-	57,274,619	9,414,820	1,191,317	-	-	10,606,138	46,668,481
Sewerage Network	130,352,123	14,456,519	-	144,808,642	13,413,150	1,843,684	-	-	15,256,835	129,551,808
Water Network	131,326,660	2,526,374	-	133,853,033	20,977,300	2,578,147	-	-	23,555,447	110,297,586
Refuse Removal	1,538,741	-	-	1,538,741	144,754	13,273	-	-	158,027	1,380,714
Housing	85,443,216	29,973,593	-	115,416,809	536,625	89,437	-	-	626,062	114,790,746
Community Assets	**1,217,194**	**-**	**-**	**1,217,194**	**258,718**	**57,459**	**-**	**-**	**316,177**	**901,017**
Parks & Gardens	1,015,494	-	-	1,015,494	198,210	50,740	-	-	248,950	766,544
Cemeteries	201,699	-	-	201,699	60,508	6,719	-	-	67,227	134,472
Lease Assets	**122,600**	**458,477**	**-**	**581,077**	**44,771**	**26,694**	**-**	**-**	**71,465**	**509,612**
Office Equipment	122,600	458,477	-	581,077	44,771	26,694	-	-	71,465	509,612
Other Assets	**40,284,709**	**2,872,710**	**-**	**43,157,419**	**10,907,902**	**1,902,395**	**-**	**-**	**12,810,297**	**30,347,122**
Vehicles	3,567,448	-	-	3,567,448	682,727	80,619	-	-	763,346	2,804,102
Tools & Equipment	4,381,543	680,009	-	5,061,552	1,467,262	393,791	-	-	1,861,053	3,200,499
Furniture	1,443,759	155,500	-	1,599,260	512,978	81,413	-	-	594,391	1,004,869
Equipment	3,551,914	779,508	-	4,331,422	1,614,101	309,319	-	-	1,923,420	2,408,003
Special Vehicles	19,945,251	130,614	-	20,075,865	3,994,089	465,273	-	-	4,459,363	15,616,503
Tables	419,134	83,685	-	502,820	166,453	26,377	-	-	192,829	309,990
Chairs	796,681	118,824	-	915,505	292,269	48,052	-	-	340,321	575,184
Office Equipment	2,284,514	125,965	-	2,410,478	940,929	178,369	-	-	1,119,299	1,291,179
Computer Hardware	3,647,225	798,604	-	4,445,829	1,151,131	302,710	-	-	1,453,841	2,991,988
Other	247,240	-	-	247,240	85,964	16,471	-	-	102,435	144,805
	647,824,758	**73,830,460**	**-**	**721,655,218**	**97,591,405**	**10,655,017**	**137,191**	**-**	**108,383,613**	**613,271,605**

(Refer to note 39.08 for more detail regarding the restatement of comparative figures.)

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	2016 R	2015 R
13 PROPERTY, PLANT AND EQUIPMENT		
Assets pledged as security:		
All the leased assets are pledged as security for the financial leases as disclosed in note 2. Carrying value of these assets :	**335,997**	**509,612**

No property, plant and equipment, save for those financed from finance leases, are pledged as security for finance.

Third party payments received for losses incurred:		
Payments receivable (Excluding VAT)	6,319,619	833,110
Carrying value of assets written off/lost	(5,797,797)	-
Surplus/Deficit	**521,821**	**833,110**

R3,3 million of the losses incurred relates to the Grabouw Traffic Building that was burned during a riot.

Impairment of property plant and equipment for the year		
Impairment charges on Property, plant and equipment recognised in statement of financial performance.		
Land and Buildings	-	137,191
	-	**137,191**

Included in Land are the following cumulative impairment losses and cumulative depreciation at each respective reporting date:

	2016 R	2015 R	2014 R
Accumulated Impairment - Land	5,245,710	**5,245,710**	**5,108,518**
	5,245,710	**5,245,710**	**5,108,518**

No impairment charges are raised against any other balance included in property plant and equipment

Effect of changes in accounting estimates

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each asset will be utilised by Theewaterskloof Municipality. The effect on the current as well as future periods are as follow:

	2016 R	2015 R
Fully Depreciated assets still in use were as follows:	**-**	**100,000**
Carrying value of property plant and equipment in the course of construction:	**178,868,040**	**99,408,970**
Reconciliation of revaluation surplus:		
Opening balance	-	-
Balance previously reported		81,275,442
Correction of error - Note 39.01		(81,275,442)
Movement for the period	-	-
Balance previously reported		3,715,584
Correction of error - Note 39.01		(3,715,584)
Closing balance	**-**	**-**

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		2016 R	2015 R
14	**CAPITALISED RESTORATION COST**		
	Net Carrying amount at 1 July	**31,704,406**	**89,363**
	Cost	35,051,847	3,432,613
	Accumulated Depreciation	(3,276,851)	(3,258,049)
	Accumulated Impairments	(70,590)	(85,202)
	Acquisitions	-	31,619,234
	Disposals	(2,411,156)	-
	Depreciation for the year	(11,434,981)	(18,803)
	Impairment for the year	39,929	14,612
	Net Carrying amount at 30 June	**17,898,198**	**31,704,406**
	Cost	32,640,691	35,051,847
	Accumulated Depreciation	(14,711,832)	(3,276,851)
	Accumulated Impairments	(30,661)	(70,590)
15	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**67,596,150**	**76,130,749**
	Cost	72,166,156	80,887,917
	Accumulated Depreciation	(509,331)	(653,452)
	Accumulated Impairment	(4,060,675)	(4,103,716)
	Disposals	(20,653)	(8,473,376)
	Cost	(22,000)	(8,721,761)
	Accumulated Depreciation	1,347	205,344
	Accumulated Impairment	-	43,041
	Depreciation	(61,219)	(61,223)
	Net Carrying amount at 30 June	**67,514,278**	**67,596,150**
	Cost	72,144,156	72,166,156
	Accumulated Depreciation	(569,203)	(509,331)
	Accumulated Impairment	(4,060,675)	(4,060,675)
	Balance Previously Reported		159,063,599
	Effect of Correction of Error and Change in Accounting Policy - Refer to note 39.04		(91,467,449)
	Restated Balance on 30 June 2015		**67,596,150**

Impairment charges on Investment Properties recognised in statement of financial performance

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

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

Revenue derived from the rental of investment property	491,670	271,079
Operating expenditure incurred on investment properties	291,970	89,956

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		2016 R	2015 R
16	**INTANGIBLE ASSETS**		
	Computer Software		
	Net Carrying amount at 1 July	**291,586**	**362,158**
	Cost	838,604	826,165
	Balance previously reported		3,197,698
	Correction of error - Note 39.09		(2,371,533)
	Accumulated Amortisation	(547,019)	(464,008)
	Balance previously reported		(1,624,313)
	Correction of error - Note 39.09		1,160,306
	Additions	1,429,883	12,439
	Balance previously reported		14,338
	Correction of error - Note 39.09		(1,899)
	Amortisation	(81,597)	(83,011)
	Balance previously reported		(320,079)
	Correction of error - Note 39.09		237,068
	Disposals	(9,222)	-
	Cost	(26,080)	-
	Accumulated amortisation	16,858	-
	Net Carrying amount at 30 June	**1,630,650**	**291,586**
	Cost	2,242,407	838,604
	Accumulated Amortisation	(611,758)	(547,019)

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

Description	Remaining Amortisation Period	Carrying Value 2016 R	Carrying Value 2015 R
Computer software/licenses	2 - 10 years	1,630,650	1,267,645

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

17	**NON-CURRENT INVESTMENTS**		
	Listed shares	185,904	204,593
	Fixed Deposits	10,540,223	9,627,544
	Total Non-Current Investments	**10,726,127**	**9,832,136**

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

Listed investments comprise of the following.

Sanlam - Shares Investment	185,904	**204,593**
	185,904	**204,593**

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		2016 R	2015 R
17	**NON-CURRENT INVESTMENTS (CONT.)**		
	Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates of 10.22% per annum.		
	Fixed deposits consist out of the following accounts		
	Standard Bank - Acc.no.088907139005 - 5 year investment	10,540,223	9,627,544
		10,540,223	**9,627,544**
	Included in Non-Current investments are balances ring-fenced for the following specific purposes		
	Repayment of long term liabilities	10,540,223	**9,627,544**
		10,540,223	**9,627,544**

18 HERITAGE ASSETS

The municipality has four registered Heritage Assets, however, the principal usage of the assets is that of service delivery and is therefore recognised in Property, Plant and Equipment. The assets are as follows:

	Recognised as :	Carring value (Restated)	
Erf 614, Caledon - Utilised as the Town Hall	and Equipment	728,861	736,820
Erven 12 and 14 - Villiersdorp - Utilised as a Restaurant.	Properties	291,850	293,200
Bridge at Meul Street, Caledon	Property, Plant and Equipment	3,527	3,527
Bridge at Farm 39, Genadendal	Property, Plant and Equipment	1,481	1,481

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

There are no Heritage Assets pledged as security for liabilities

There were no third party payments received for losses and impairments incurred.

The effect of the change in accounting policy as per note 39.08 resulted in restatement of the values in order in line with the cost model.

		2016 R	2015 R
19	**LONG-TERM RECEIVABLES**		
	Officials' Housing Loans - At amortised cost	5,529	6,811
	Transfer from receivables from exchange transactions	3,164,212	3,089,203
	Transfer from receivables from non-exchange transactions	1,897,618	1,446,136
		5,067,358	**4,542,149**
Less:	Current portion transferred to current receivables	(1,321)	(6,811)
	Officials Housing Loans - At amortised cost	(1,321)	(6,811)
Less:	Transfers to exchange and non-exchange receivables	(2,753,917)	(2,447,323)
	Transfer to receivables from exchange transactions	(1,803,804)	(1,781,225)
	Transfer to receivables from non-exchange transactions	(950,113)	(666,097)
Less:	Allowance for doubtful debts	(2,307,913)	(2,088,016)
	Allowance for doubtful debts on exchange transactions	(1,360,408)	(1,307,977)
	Allowance for doubtful debts on non-exchange transactions	(947,505)	(780,039)
Total Long Term Receivables		**4,208**	**-**

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		2016 R	2015 R
19	**LONG-TERM RECEIVABLES (CONT.)**		
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	2,088,016	1,612,626
	Transfer from long-term receivables	219,897	475,390
	Balance at end of year	**2,307,913**	**2,088,016**

HOUSING LOANS

Housing loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Staff were entitled to housing loans which attract interest at 3-10% per annum and which are repayable over a maximum period of 20 years. These loans are repayable up to the year 2020.

Balances of debtors with arrangements to pay off old debt for longer than 1 period are transferred from current receivables to long-term receivables. Due to the low level of payments and consistent with the accounting policy, all these debtors are impaired.

All remaining amounts are collectable.

		2016 R	2015 R
20	**INVENTORY**		
	Maintenance Materials - At cost	5,316,664	4,417,593
	Water – at cost	422,797	430,515
	Total Inventory	**5,739,461**	**4,848,108**

A reconciliation of water losses is included in Note 44.4

21	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	6,703,828	6,004,013
	Water	38,298,801	32,813,237
	Refuse	34,138,022	28,535,877
	Sewerage	29,334,257	24,692,715
	Other	3,404,483	2,172,749
	Balance previously reported		2,801,039
	Correction of error - Note 39.02		(628,290)
	Total Receivables from Exchange Transactions	**110,518,982**	**92,910,615**
	Sub Total Receivables from Exchange Transactions	111,879,390	94,218,592
	Transfer to long-term receivables	(3,164,212)	(3,089,203)
	Transfer from long-term receivables transactions	1,803,804	1,781,225
	Less: Allowance for Doubtful Debts	**(91,557,357)**	**(76,779,811)**
	Total Net Receivables from Exchange Transactions	**18,961,625**	**16,130,803**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary in terms of IGRAP1.

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

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		2016 R	2015 R
22	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**		
	Rates	29,422,983	27,840,381
	Other Receivables	11,427,358	5,054,965
	Accrued Fines	34,893,370	27,785,220
	Total Receivables from Non-Exchange Transactions	**74,796,206**	**59,900,527**
	Sub Total Receivables from Non-Exchange Transactions	75,743,711	60,680,566
	Transfer to long-term receivables	(1,897,618)	(1,446,136)
	Transfer from long-term receivables transactions	950,113	666,097
	Less: Allowance for Doubtful Debts	**(48,159,781)**	**(41,218,676)**
	Total Net Receivables from Non-Exchange Transactions	**26,636,425**	**18,681,851**
	Ageing of receivables		
	Current (0 - 30 days)	14,207,010	24,126,526
	1 to 3 months	21,312,821	16,751,039
	Longer than 3 months	152,103,270	114,021,592
	Total	**187,623,101**	**154,899,158**
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	117,998,487	108,674,397
	Contribution to provision	50,275,779	41,103,454
	Reversal of provision	-	(3,529,582)
	Transfer to longterm receivables	(219,897)	(475,390)
	Bad Debts Written Off	(28,337,231)	(27,774,394)
	Balance at end of year	**139,717,138**	**117,998,487**
	Balances past due not impaired:	**10,602,311**	**9,022,929**

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

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

23	**OPERATING LEASE ARRANGEMENTS**		
23.1	**The Municipality as Lessor (Asset)**		
	Balance on 1 July	495,129	489,252
	Movement during the year	45,816	5,877
	Balance on 30 June	**540,944**	**495,129**

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		2016 R	2015 R
23	**OPERATING LEASE ARRANGEMENTS (CONT.)**		

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

Up to 1 Year	1,258,143	715,367
1 to 5 Years	1,738,955	1,131,399
More than 5 Years	1,950,184	1,618,965
Total Operating Lease Arrangements	**4,947,282**	**3,465,731**

Theewaterskloof Municipality is leasing a number of land and some buildings to different rate payers for periods ranging from 2 to 99 years, with escalations of between 1% and 12% per year.

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

The leases are in respect of land and buildings being leased out for periods ranging until 2094

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

The municipality did not receive any contingent rent during the year

24 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	50,530,424	50,709,125
Primary Bank Account	5,901,496	17,743,217
Cash Floats	10,550	10,350
Total Cash and Cash Equivalents - Assets	**56,442,470**	**68,462,691**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value. Outstanding deposits and outstanding cheques at year-end are recognised as part of cash and cash equivalents.

The municipality has one guarantee of R15 000 in the name of the beneficiary, Eskom.

An amount of R 430 224 (2014: R 430 224), included in Call Investment Deposits above, is invested in an institution which is under curatorship. The curators are encashing property developments financed by the investment company before distribution of funds will continue , however it is expected significant capital losses will be incurred. The dates of any possible future cashflows are not known at the reporting date and the full amount has been impaired due to the uncertainty of collectability.

The municipality has the following bank accounts:

Current Accounts

Caledon ABSA Bank - Account Number 405 7866 237 (Primary Bank Account):	5,901,496	17,743,217
Caledon ABSA Bank - Account Number 8 2014 6603 (Traffic account):	-	-
Caledon ABSA Bank - Account Number 40 5915 5676 (Traffic account):	-	-
	5,901,496	**17,743,217**

Traffic account is cleared daily to Primary Bank Account.

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		2016 R	2015 R
24	**CASH AND CASH EQUIVALENTS (CONTINUED)**		
	Caledon ABSA Bank - Account Number 405 7866 237 (Primary Bank Account):		
	Cash book balance at beginning of year	17,743,217	11,240,631
	Cash book balance at end of year	5,901,496	17,743,217
	Bank statement balance at beginning of year	17,548,347	10,787,694
	Bank statement balance at end of year	5,536,783	17,548,347

The municipality has a standing overdraft limit of R2 500 000 at ABSA Bank.

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Interneuron Capital Ltd	CA 002	Notice deposit	430,224	430,224
ABSA Bank	93 0013 5651	3 months investment	24,822,332	23,650,407
ABSA Bank	93 0013 5415	3 months investment	19,883,382	21,679,281
ABSA Bank	90 9522 5460	Notice deposit	5,824,710	5,379,437
			50,960,648	51,139,349
Less: Provision for impairment			(430,224)	(430,224)
			50,530,424	50,709,125

		2016 R	2015 R
25	**PROPERTY TAXES**		
	Actual		
	Rateable Land and Buildings	77,521,705	70,056,652
	Residential, Commercial Property, State	77,521,705	70,056,652
	Balance previously reported		70,187,938
	Correction of error - Note 39.11		(131,286)
	Less: Rebates	(1,496,317)	(1,419,402)
	Total Assessment Rates	**76,025,388**	**68,637,249**
	Valuations - 1 JULY 2015		
	Rateable Land and Buildings		
	Residential	4,394,670,300	4,506,015,300
	Business & Commercial	1,312,349,500	1,183,775,000
	Public benefit Organizations	117,347,500	119,162,500
	State-owned	360,600,000	360,329,500
	Agricultural	7,963,608,000	7,980,922,500
	Other	237,087,000	238,455,000
	Total Assessment Rates	**14,385,662,300**	**14,388,659,800**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential
- The first R15 000 on the valuation is exempted.
- A further R85 000 on the valuation are exempt from property rates for all those households earning less than R4 801. (This exemption is also applicable to persons older than 60 and earning between R4 801 and R6 401).

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		2016 R	2015 R
25	**PROPERTY TAXES (CONT.)**		
	Rates:		
	Residential	0.8043 c/R	0.7345 c/R
	Commercial	1.7942 c/R	1.6385 c/R
	Agricultural	0.2011 c/R	0.1693 c/R

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

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

26	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants	**63,908,000**	**62,481,000**
	Equitable Share	63,908,000	62,481,000
	Conditional Grants	**96,427,295**	**105,951,011**
	Finance Management Grant	1,123,824	1,600,000
	MSIG Funds	930,000	825,273
	Municipal Infrastructure Grant	25,621,952	25,115,568
	National Electrification Program	4,752,852	3,900,000
	EPWP	1,148,374	1,097,084
	Regional Bulk Infrastructure Grant	2,163,743	5,441,000
	Municipal Disaster Recovery	946,000	439,000
	Housing	50,822,914	59,098,512
	CDW's	158,252	180,895
	Main Roads Subsidy	82,200	92,000
	Library Subsidy	6,740,176	5,993,852
	Thusong Multi Purpose Centre	286,410	-
	Violence Prevention through Urban Upgrading	500,000	-
	Finance Management Support Grant	824,383	853,417
	Municipal Infrastructure Support Grant	-	1,018,000
	DBSA Local Economic Development	-	17,810
	SETA	326,216	278,599
	Total Government Grants and Subsidies	**160,335,295**	**168,432,011**

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

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

Equitable share	63,908,000	62,481,000
Executive and council	151,767	171,772
Budget and treasury office	34,610,883	38,075,357
Corporate services	2,404,589	2,140,237
Community and social services	6,740,176	5,916,457
Housing	50,822,914	59,098,512
Planning and development	786,410	17,810
Road transport	910,555	530,866
	160,335,295	**168,432,011**

26.01	**Equitable share**		
	Opening balance	-	-
	Grants received	63,908,000	62,481,000
	Conditions met - Transferred to revenue	(63,908,000)	(62,481,000)
	Conditions still to be met	**-**	**-**

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

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services of R536.57 per month (2015: R487.54)

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		2016 R	2015 R
26	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
26.02	**Finance Management Grant**		
	Opening balance	-	-
	Grants received	1,600,000	1,600,000
	Conditions met - Transferred to revenue	(1,123,824)	(1,600,000)
	Grant expenditure to be recovered	**476,176**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds have been withheld.

26.03	**MSIG Funds**		
	Opening balance	-	(108,727)
	Grants received	930,000	934,000
	Conditions met - Transferred to revenue	(930,000)	(825,273)
	Grant expenditure to be recovered	**-**	**-**

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

26.04	**Municipal Infrastructure Grant**		
	Opening balance	-	157,568
	Grants received	25,627,000	24,958,000
	Conditions met - Transferred to revenue	(25,621,952)	(25,115,568)
	Conditions still to be met	**5,048**	**-**

The grant was used to construct roads, water and sewerage infrastructure as part of the upgrading of informal settlement areas (included in roads and sewerage votes in Appendix B). No funds have been withheld.

26.05	**National Electrification Program**		
	Opening balance	-	-
	Grants received	5,000,000	3,900,000
	Conditions met - Transferred to revenue	(4,752,852)	(3,900,000)
	Conditions still to be met	**247,148**	**-**

To implement the Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure, in order to improve the quality of supply.

26.06	**EPWP**		
	Opening balance	8,916	-
	Grants received	1,086,000	1,106,000
	Conditions met - Transferred to revenue	(1,148,374)	(1,097,084)
	Conditions still to be met	**(53,458)**	**8,916**

To extend services to communities through a nationally co-ordinated approach.

26.07	**Regional Bulk Infrastructure Grant**		
	Opening balance	-	-
	Grants received	2,163,743	5,441,000
	Conditions met - Transferred to revenue	(2,163,743)	(5,441,000)
	Grant expenditure to be recovered	**-**	**-**

The grant is utilised to construct sewerage bulk infrastructure in Grabouw.

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		2016 R	2015 R
26	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
26.08	**Municipal Disaster Recovery**		
	Opening balance	946,000	-
	Grants received	-	1,385,000
	Conditions met - Transferred to revenue	(946,000)	(439,000)
	Conditions still to be met	**-**	**946,000**
	The grant was utilised to repair municipal property damage caused by nature disasters.		
26.09	**Housing**		
	Opening balance	7,989,826	(6,204,758)
	Grants received	43,634,560	73,293,097
	Conditions met - Transferred to revenue	(50,822,914)	(59,098,512)
	Grant expenditure to be recovered	**801,472**	**7,989,826**
	Provide housing to the indigents.		
26.10	**CDW's**		
	Opening balance	51,497	109,977
	Grants received	108,000	122,415
	Conditions met - Transferred to revenue	(158,252)	(180,895)
	Conditions still to be met	**1,245**	**51,497**
	To provide financial assistance to municipalities to cover the operational costs pertaining to the functions of the community development workers including the regional coordinators.		
26.11	**Main Roads Subsidy**		
	Opening balance	-	-
	Grants received	114,000	92,000
	Conditions met - Transferred to revenue	(82,200)	(92,000)
	Conditions still to be met	**31,800**	**-**
	The subsidy is utilised for the maintenance of the provincial main roads which runs through the town centres.		
26.12	**Library Subsidy**		
	Opening balance	589,962	508,814
	Grants received	6,539,000	6,075,000
	Conditions met - Transferred to revenue	(6,740,176)	(5,993,852)
	Balance previously reported		(5,872,952)
	Correction of error - Note 39.11		(120,900)
	Conditions still to be met	**388,786**	**589,962**
	The subsidy is utilised for the operational costs of libraries which is a provincial function.		
26.13	**Thusong Multi Purpose Centre**		
	Opening balance	-	-
	Grants received	312,000	-
	Conditions met - Transferred to revenue	(286,410)	-
	Conditions still to be met	**25,590**	**-**
	The grant is intended to be utilised for the improvement of financial governance.		
26.14	**Violence Prevention through Urban Upgrading**		
	Opening balance	-	-
	Grants received	500,000	-
	Conditions met - Transferred to revenue	(500,000)	-
	Conditions still to be met	**-**	**-**
	The grant is intended to be utilised for the improvement of financial governance.		

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		2016 R	2015 R
26	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
26.15	**Financial Support Grant**		
	Opening balance	583,143	100,000
	Grants received	1,245,101	1,336,560
	Conditions met - Transferred to revenue	(824,383)	(853,417)
	Conditions still to be met	**1,003,860**	**583,143**

The grant is intended to be utilised for the improvement of financial governance.

26.16	**Municipal Infrastructure Support Grant**		
	Opening balance	-	-
	Grants received	-	1,018,000
	Conditions met - Transferred to revenue	-	(1,018,000)
	Conditions still to be met	**-**	**-**

The grant was utilised to construct infrastructure.

26.17	**Other Grant Providers**		
	Opening balance	327,683	345,493
	Grants received	2,276,216	278,599
	Conditions met - Transferred to revenue	(326,216)	(296,409)
	Conditions still to be met	**2,277,683**	**327,683**

Various grants were received from other spheres of government (e.g. DBSA and SETA)

26.18	**Total Grants**		
	Opening balance	10,497,027	(5,091,632)
	Grants received	155,043,619	184,020,670
	Conditions met - Transferred to revenue	(160,335,295)	(168,432,011)
	Conditions still to be met/(Grant expenditure to be recovered)	**5,205,351**	**10,497,027**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	5,258,810	10,497,027
	Unpaid Conditional Government Grants and Receipts	(53,458)	-
		5,205,351	**10,497,027**

27	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	Conditional Grants	**1,064,155**	**1,044,291**
	HAN - Students	1,013,805	990,411
	Industrial Development Corporation - Local Economic Development	50,350	53,880
	Total Government Grants and Subsidies	**1,064,155**	**1,044,291**

27.01	**HAN - Students**		
	Opening balance	631,360	222,011
	Grants received	582,196	1,399,760
	Conditions met - Transferred to revenue	(1,013,805)	(990,411)
	Conditions still to be met	**199,751**	**631,360**

The grant gives students from abroad the opportunity to engage with community in upliftment of previously disadvantaged communities projects.

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		2016 R	2015 R
27	**PUBLIC CONTRIBUTIONS AND DONATIONS (CONT.)**		
27.02	**Industrial Development Corporation - Local Economic Development**		
	Opening balance	212,508	266,388
	Conditions met - Transferred to revenue	(50,350)	(53,880)
	Conditions still to be met	**162,158**	**212,508**
	The grant is for the promotion of local economic development and tourism.		
27.03	**Total Public Contributions and donations**		
	Opening balance	843,868	488,400
	Grants received	582,196	1,399,760
	Conditions met - Transferred to revenue	(1,064,155)	(1,044,291)
	Conditions still to be met/(Grant expenditure to be recovered)	**361,909**	**843,868**

		2016 R	2015 R
28	**SERVICE CHARGES**		
	Electricity	73,608,012	67,147,028
	Balance previously reported		67,096,375
	Correction of error - Note 39.11		50,654
	Water	50,306,649	43,869,219
	Balance previously reported		43,967,146
	Correction of error - Note 39.11		(97,927)
	Refuse removal	25,222,035	21,395,097
	Balance previously reported		21,495,952
	Correction of error - Note 39.11		(100,855)
	Sewerage and Sanitation Charges	24,978,083	21,199,439
	Balance previously reported		21,194,876
	Correction of error - Note 39.11		4,563
	Other Service Charges	2,539,703	206,003
	Total Service Charges	**176,654,482**	**153,816,787**

29	**OTHER INCOME**		
	Plot Rental	-	-
	Balance previously reported		38,290
	Correction of error - Note 39.11		(38,290)
	Building Plan fees	1,570,371	1,453,982
	Cemetery fees	519,566	484,245
	Valuation Certificates	276,412	252,568
	Vehicle Registration fees	778,566	678,235
	Sundry income	1,763,092	1,554,116
	Balance previously reported		1,385,890
	Correction of error - Note 39.11		38,290
	Correction of error - Note 39.11		129,936
	Total Other Income	**4,908,006**	**4,423,146**

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		2016 R	2015 R
30	**EMPLOYEE RELATED COSTS**		
	Salaries	96,796,427	88,456,205
	Overtime	4,493,669	3,361,913
	Standby Allowances	2,233,498	1,869,758
	Transport Allowance	6,040,883	5,571,260
	Housing Subsidy	1,533,899	528,809
	Other Allowance	1,352,933	1,099,899
	Bonus	8,171,767	7,503,423
	Group Insurance	1,533,843	1,417,865
	Medical Aid Contribution	4,699,186	4,219,039
	Pension Fund Contribution	16,130,252	14,423,679
	Unemployment Fund	847,757	777,215
	Leave Reserve Fund	2,002,843	1,947,119
	Workmens Compensation Contributions	895,561	457,562
	Contribution to provision - Long Service Awards	604,855	505,161
	Contribution to provision - Post Retirement Medical	2,945,989	2,687,932
	Post Retirement Finance Charges	4,375,411	3,898,018
	Total Employee Related Costs	**154,658,772**	**138,724,858**

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 7-year contract and the Director Technical Services on a 5 year contract. All other Directors are appointed on 10-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period. Acting allowances are immaterial.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - HSD Wallace		
Annual Remuneration	1,338,222	1,167,812
Car Allowance	125,641	125,641
Contributions to UIF, Skill, Group Insurance, Medical and Pension Funds	100,352	114,119
Performance Bonuses	168,909	171,350
Total	**1,733,124**	**1,578,922**
Remuneration of the Director Technical Services - C van Heerden		
Annual Remuneration	1,167,374	1,042,053
Car Allowance	120,000	120,000
Contributions to UIF, Skill, Group Insurance, Medical and Pension Funds	52,819	41,100
Performance Bonuses	132,347	123,932
Total	**1,472,540**	**1,327,085**
Remuneration of the Director Corporate Services - J Isaacs		
Annual Remuneration	1,044,788	938,746
Car Allowance	60,000	60,000
Contributions to UIF, Skill, Group Insurance, Medical and Pension Funds	226,720	204,406
Performance Bonuses	120,315	124,687
Total	**1,451,822**	**1,327,839**
Remuneration of the Director Development Services - MH Gxoyiya		
Annual Remuneration	955,880	846,406
Car Allowance	120,001	120,001
Contributions to UIF, Skill, Group Insurance, Medical and Pension Funds	252,632	236,747
Performance Bonuses	-	112,665
Total	**1,328,512**	**1,315,818**
Remuneration of the Director Financial Services - D Louw		
Annual Remuneration	866,203	781,197
Car Allowance	108,000	108,000
Contributions to UIF, Skill, Group Insurance, Medical and Pension Funds	222,636	189,649
Performance Bonuses	118,672	111,128
Total	**1,315,510**	**1,189,974**

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		2016 R	2015 R
30	**EMPLOYEE RELATED COSTS (CONT.)**		
	Remuneration of the Director Operational Services - J Barnard		
	Annual Remuneration	874,065	777,521
	Car Allowance	62,428	62,428
	Contributions to UIF, Skill, Group Insurance, Medical and Pension Funds	260,840	241,333
	Performance Bonuses	129,754	111,379
	Total	**1,327,088**	**1,192,661**
31	**REMUNERATION OF COUNCILLORS**		
	Mayor	801,784	751,841
	Deputy Mayor	645,557	605,791
	Speaker	582,768	605,791
	Mayoral Committee Members	2,427,498	2,277,502
	Councillors	4,481,765	4,332,335
	Total Councillors' Remuneration	**8,939,371**	**8,573,261**

In-kind Benefits

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

Disclosure of the remuneration of individual Councillors are considered immaterial.

		2016 R	2015 R
32	**DEBT IMPAIRMENT**		
	Receivables from exchange and non-exchange transactions - Note 22	50,275,779	37,573,873
	Total Contribution to Impairment Provision	**50,275,779**	**37,573,873**
	Less: Portion Relating to VAT	(1,464,921)	(647,746)
	Total Debt Impairment	**48,810,858**	**36,926,127**
	Impairment of traffic fines included above:	**23,967,092**	**16,558,904**
33	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	13,020,604	10,655,017
	Balance previously reported		10,213,715
	Correction of error - Note 39.11		441,302
	Capitalised restoration costs	11,434,981	18,803
	Investment Property	61,219	61,223
	Balance previously reported		-
	Correction of error - Note 39.11		61,223
	Intangible Assets	81,597	83,011
	Balance previously reported		320,079
	Correction of error - Note 39.11		(237,068)
	Total depreciation and amortisation	**24,598,402**	**10,818,053**

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		2016 R	2015 R
34	**IMPAIRMENTS / (REVERSAL OF IMPAIRMENTS)**		
	Property Plant & Equipment (Non-cash generating)	-	137,191
	Balance previously reported		1,333,061
	Correction of error - Note 39.11		(1,210,215)
	Correction of error - Note 39.11		14,346
	Reversal of Capitalised restoration costs	(39,929)	(14,612)
	Investment Property (Cash generating assets)	-	-
	Balance previously reported		737,811
	Correction of error - Note 39.11		(737,811)
		(39,929)	**122,580**
35	**FINANCE CHARGES**		
	Long-term Liabilities	11,206,416	11,876,565
	Non-current provisions	3,498,716	1,360,143
	Total finance charges	**14,705,133**	**13,236,707**
36	**BULK PURCHASES**		
	Electricity	51,493,653	44,583,289
	Water	10,611,605	10,086,297
	Total Bulk Purchases	**62,105,258**	**54,669,586**
37	**GRANTS AND SUBSIDIES**		
	Indigent Subsidies : Eskom payments	1,213,827	1,350,834
	Total Grants and Subsidies	**1,213,827**	**1,350,834**
	Indigent subsidies paid to Escom for registered indigent living in municipal area where Escom is the supplier of electricity.		
38	**GENERAL EXPENSES**		
	Audit Fees	2,722,628	2,635,176
	Bank Charges	311,854	298,426
	Clean and Green Project	321,863	381,570
	Computer charges	92,662	176,935
	Fuel Cost	4,189,092	4,354,652
	Insurance	964,645	675,640
	Legal advice	355,706	487,076
	Material and protective clothing	2,061,359	1,813,024
	Membership fees	1,535,043	1,372,110
	Operating Grant expenditure (Housing Top Structures)	44,106,391	29,543,103
	Postage	202,532	116,177
	Printing and stationery	820,687	793,509
	Electricity - Escom	6,940,399	6,507,282
	Refuse bags	619,038	673,863
	Sporting programs	95,879	69,206
	Skills development levy	1,246,472	1,102,642
	Telephone	705,958	857,269
	Training	637,979	792,868
	Travel and subsistence	821,908	561,835
	Ward Committee	164,056	383,439
	Water Purification	1,386,559	1,410,101
	Other	3,409,944	3,225,912
	General Expenses	**73,712,654**	**58,231,814**

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39 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERROR IN TERMS OF GRAP 3

		2015 R
39.01	**Revaluation Reserve**	
	Balance previously reported	**84,991,026**
	Change in Accounting Policy: Reversal of revaluation surplus: Land - Notes 2 and 39.08	(13,978,661)
	Reversal of Revaluation Reserve - Notes 2 and 39.11	192,665
	Correction of prior year valuation differences - Notes 2 and 39.10	970,958
	Revaluation reserve: Prior year errors to be removed - Notes 2 and 39.10	(4,724,633)
	Reversal of revaluation reserve - Notes 2 and 39.08	(63,735,772)
	Change in Accounting Policy: Reversal of revaluation surplus: Land - Notes 2 and 39.08	(101,643)
	Change in accounting policy: Reversal of revaluation reserve - Notes 2 and 39.08	(3,613,940)
	Total	**-**
39.02	**Receivables from Exchange Transaction**	
	Balance previously reported	**94,846,882**
	Net effect of data cleansing prior 1 July 2014 - Notes 21 and 39.10	(439,651)
	Net effect of data cleansing 2015 - Notes 21 and 39.11	(188,639)
	Total	**94,218,592**
39.03	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**	
	Balance previously reported	**10,617,927**
	Correction unspent library grant- Notes 10 and 39.11	(120,900)
	Total	**10,497,027**
39.04	**Investment property**	
	Balance previously reported	**159,063,601**
	Change in Accounting Policy: Investment property: Cost 2014 - Notes 15 and 39.10	(79,994,775)
	Correction of error - first time recognitioning of Investment Property: Cost 2014 - Notes 15 and 39.10	906,149
	Correction of error - tranfer of Investment Property to Land and Buildings: Cost 2014 - Notes 15 and 39.08	(3,351,438)
	Correction of error - derecognitioning of Investment Property not the property of municipality: Cost 2014 - Notes 15 and 39.10	(3,074,912)
	Correction of error - Investment property wrongly included in Property plant and equipment 2014 - Notes 15 and 39.08	610,080
	Change in Accounting Policy: Investment property: Accumulated impairment 2014 - Notes 15 and 39.10	(4,134,692)
	Correction of error - tranfer of Investment Property to Land and Buildings: Accumulated impairment 2014 - Notes 15 and 39.08	30,976
	Change in Accounting Policy: Investment property: Accumulated depreciation 2014 - Notes 15 and 39.10	(808,306)
	Correction of error - first time recognitioning of Investment Property: Accumulated depreciation 2014 - Notes 15 and 39.10	(1,049)
	Correction of error - derecognitioning of Investment Property not the property of municipality: Accumulated depreciation 2014 - Notes 15 and 39.10	7,300
	Correction of error - first time recognitioning of Investment Property: Accumulated depreciation 2015 - Notes 15 and 39.11	(150)
	Correction of error - derecognitioning of Investment Property not the property of municipality: Accumulated depreciation 2015 - Notes 15 and 39.11	1,043
	Correction of error - tranfer of Investment Property to Land and Buildings: Accumulated depreciation 2014 - Notes 15 and 39.08	148,603
	Change in accounting policy: Adjustment of disposal 2015 - Cost - Notes 15 and 39.11	(1,088,627)
	Change in accounting policy: Adjustment of disposal 2014/2015 - Accumulated depreciation 2015 - Notes 15 and 39.11	205,344
	Change in accounting policy: Adjustment of disposal 2014/2015 - Accumulated impairment 2015 - Notes 15 and 39.11	43,041
	Change in Accounting Policy: Investment property: Accumulated depreciation 2015 - Notes 15 and 39.11	(83,345)
	Correction of error - tranfer of Investment Property to Land and Buildings: Accumulated depreciation 2015 - Notes 15 and 39.08	21,229
	Change in Accounting Policy: Investment property: Reversal of previous 2015 impairment - Notes 15 and 39.11	737,811
	Change in Accounting Policy: Reversal of previous Fair value adjustment 2015 - Notes 15 and 39.11	(1,641,733)
	Total	**67,596,152**

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39 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

		2015 R
39.05	**Current Employee Benefits**	
	Balance previously reported	**15,601,178**
	Overtime not provided in full - Notes 7 and 39.10	198,293
	Total	**15,799,471**
39.06	**Payables from Exchange Transaction**	
	Balance previously reported	**50,357,880**
	Incorrect calculation of standby allowance - Notes 9 and 39.10	683,320
	Retention fees not written back to revenue - Notes 9 and 39.10	(2,385,128)
	Total	**51,041,201**
39.07	**Taxes**	
	Balance previously reported	**(315,252)**
	VAT not claim for period 2012/2013 - Notes 12 and 39.10	762,531
	Total	**447,279**
39.08	**Property Plant and Equipment**	
	Balance previously reported	**707,083,787**
	Change in Accounting Policy: Cost Conversion: Land Cost 2014 - Notes 13 and 39.10	6,583,379
	Reallocation between Land and Buildings - Effect on Land - Note 13	(6,882,602)
	Reallocation between Land and Buildings - Effect on Buildings - Note 13	6,882,602
	Change in Accounting Policy: Reversal of revaluation surplus: Land 2014 - Notes 13 and 39.01	(13,978,661)
	Correction of error: Derecognition of Land wrongly included in PPE 2014 - Notes 13 and 39.10	(738,994)
	Correction of error - Investment property wrongly included in Property plant and equipment 2014 - Notes 13 and 39.10	(610,080)
	Change in Accounting Policy: Cost Conversion: Buildings 2014 - Notes 13 and 39.10	(24,169,742)
	Change in Accounting Policy: Reversal of revaluation surplus: Buildings 2014 - Notes 13 and 39.01	(63,735,772)
	Reclassification of repairs and maintance to PPE Infrastructure: Electricity Notes 13 and 39.11	136,252
	Derecognise lease assets cost 2014 - Notes 13 and 39.10	(239,000)
	Depreciaiton wrongly calculated INFRA 2014 - Notes 13 and 39.10	463,929
	Depreciaiton wrongly calculated INFRA 2015 - Notes 13 and 39.11	126
	Derecognise lease assets accumulated depreciation 2014 - Notes 13 and 39.10	159,218
	Derecognise lease assets accumulated depreciation 2015 - Notes 13 and 39.11	15,922
	Life time Property plant and equipment 2014 - Notes 13 and 39.10	44,833
	Life time Property plant and equipment 2015 - Notes 13 and 39.11	9,397
	Change in Accounting Policy: Cost Conversion: Accumulated Impairment: Land 2014 - Notes 13 and 39.10	(5,077,543)
	Change in Accounting Policy: Cost Conversion: Building : Accumulated depreciation 2014 - Notes 13 and 39.10	(2,184,552)
	Correction of error - first time recognitioning cost (Land) 2014 - Notes 13 and 39.10	3,164,026
	Correction of error - first time recognitioning cost (Buildings) 2014 - Notes 13 and 39.10	4,123,182
	Correction of error - first time recognitioning accumulated depreciation 2014 - Notes 13 and 39.10	(288,623)
	Change in Accounting Policy: Cost Conversion: Accumulated Impairment Land 2015 - Notes 13 and 39.11	(137,191)
	Change in Accounting Policy: Reversal of revaluation surplus: Accumulated impairment: Buildings 2015 - Notes 13 and 39.11	2,985,957
	Correction of Error: Reclassification as Accumulated Impairment: Land 2015 - Notes 13 and 39.11	3,183
	Change in Accounting Policy: Reversal of revaluation surplus: Revaluation Reversal: Buildings 2015 - Notes 13 and 39.11	(1,317,208)
	Change in Accounting Policy: Reversal of revaluation surplus: Accumulated Depreciation: Buildings 2015 - Notes 13 and 39.11	975,251
	Correction of error - first time recognitioning accumulated depreciation 2015 - Notes 13 and 39.11	(41,232)
	Change in Accounting Policy: Reversal of revaluation surplus: Land 2015 - Notes 13 and 39.01	(269,793)
	Change in Accounting Policy: Reversal of revaluation surplus: Building 2015 - Notes 13 and 39.01	(3,445,790)
	Correction of error - Property plant and equipment wrongly included in investment property: Cost (Land) 2014 - Notes 13 and 39.04	1,228,540
	Correction of error - Property plant and equipment wrongly included in investment property: Cost (Buildings) 2014 - Notes and 39.04	2,122,897
	Correction of error - Property plant and equipment wrongly included in investment property: Accumulated depreciation 2014 - Notes 13 and 39.04	(148,603)
	Correction of error - Property plant and equipment wrongly included in investment property: Accumulated depreciation 2015 - Notes 13 and 39.04	(21,229)
	Correction of error - Property plant and equipment wrongly included in investment property: Accumulated impairment 2014 - Notes 13 and 39.04	(30,976)
	Correction of error - Loose assets incorrectly included in FAR - Cost 2014 - Notes - 13 and 39.10	(227,087)
	Correction of error - Loose assets incorrectly included in FAR - Cost 2015 - Notes - 13 and 39.11	(22,101)
	Correction of error - Loose assets incorrectly included in FAR - Acc Dep 2014 - Notes - 13 and 39.10	58,198
	Correction of error - Loose assets incorrectly included in FAR - Acc Dep 2015 - Notes - 13 and 39.11	15,453
	Correction of error - First Time Recognition of Assets - Cost 2014 - Notes - 13 and 39.10	1,274,110
	Correction of error - First Time Recognition of Assets - Acc Dep 2014 - Notes - 13 and 39.10	(544,691)
	Correction of error - First Time Recognition of Assets - Dep 2015 - Notes - 13 and 39.11	(77,783)
	Correction of error - Asset incorrectly recognised as expense (Repairs and Maintenance) - Notes - 13 and 39.11	130,614
	Total	**613,271,605**

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		2015 R
39	**CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)**	
39.09	**Intangible Assets**	
	Balance previously reported	**1,267,644**
	Expenses wrongly capitlised as intangible assets: Cost 2014 - Notes 16 and 39.10	(2,393,454)
	Expenses wrongly capitlised as intangible assets: Cost 2015 - Notes 16 and 39.11	(1,899)
	Expenses wrongly capitlised as intangible assets: Accumulated amortisation 2014 - Notes 16 and 39.10	1,160,924
	Expenses wrongly capitlised as intangible assets: Accumulated amortisation 2015 - Notes 16 and 39.11	239,259
	First time recognition of asset not previously recognised as an intangible asset: Cost 2014 - Notes 16 and 39.10	21,921
	First time recognition of asset not previously recognised as an intangible asset: Accumulated amortisation 2014 - Notes 16 and 39.10	(618)
	First time recognition of asset not previously recognised as an intangible asset: Accumulated amortisation 2015 - Notes 16 and 39.11	(2,191)
	Total	**291,586**
39.10	**Accumulated Surplus/(Deficit)**	
	Balance previously reported	**617,971,095**
	Prior Period Adjustments relating to 2014/2015 financial year - Refer to note 39.11	**824,791**
	Prior Period Adustments up to 30 June 2014	
	Depreciaiton wrongly calculated INFRA 2014 - Notes 13 and 39.08	463,929
	Derecognise lease assets cost 2014 - Note 13 and 39.08	(239,000)
	Derecognise lease assets accumulated depreciation 2014 - Note 13 and 39.08	159,218
	Life time Property plant and equipment 2014 - Notes 13 and 39.08	44,833
	Expenses wrongly capitlised as intangible assets: Cost 2014 - Notes and 39.09	(2,393,454)
	Expenses wrongly capitlised as intangible assets: Accumulated amortisation - Notes 16 and 39.09	1,160,924
	First time recognition of asset not previously recognised as an intangible asset: Cost 2014 - Notes 16 and 39.09	21,921
	First time recognition of asset not previously recognised as an intangible asset: Accumulated amortisation 2014 - Notes 16 and 39.09	(618)
	Net effect of data cleansing prior 1 July 2014 - Notes 21 and 39.02	(439,651)
	Overtime not provided in full - Notes 7 and 39.05	(198,293)
	Incorrect calculation of standby allowance - Notes 7 and 39.06	(683,320)
	VAT not claim for period 2012/2013 - Notes 12 and 39.07	762,531
	Change in Accounting Policy: Investment property: Cost 2014 - Notes 15 and 39.04	(79,994,775)
	Change in Accounting Policy: Investment property: Accumulated depreciation 2014 - Notes 15 and 39.04	(808,306)
	Change in Accounting Policy: Investment property: Accumulated impairment 2014 - Notes 15 and 39.04	(4,134,692)
	Correction of error - first time recognitioning of Investment Property: Cost 2014 - Notes 15 and 39.04	906,149
	Correction of error - first time recognitioning of Investment Property: Accumulated depreciation 2014 - Notes 15 and 39.04	(1,049)
	Correction of error - derecognitioning of Investment Property not the property of municipality: Cost 2014 - Notes 15 and 39.04	(3,074,912)
	Correction of error - derecognitioning of Investment Property not the property of municipality: Accumulated depreciation 2014 - Notes 15 and 39.04	7,300
	Change in Accounting Policy: Cost Conversion: Land Cost 2014 - Notes 13 and 39.08	6,583,379
	Change in Accounting Policy: Cost Conversion: Buildings 2014 - Notes 13 and 39.08	(24,169,742)
	Change in Accounting Policy: Cost Conversion: Accumulated depreciaiton: Land 2014 - Notes 13 and 39.08	(5,077,543)
	Change in Accounting Policy: Cost Conversion: Building : Accumulated depreciation 2014 - Notes 13 and 39.08	(2,184,552)
	Correction of error : Revaluation reserve corrected 2014 - Notes 13 and 39.01	(970,958)
	Correction of error - revaluation reserve not accounted for erven previously disposed 2014 - Notes 13 and 39.01	4,724,633
	Correction of error - first time recognitioning cost 2014 - Notes 13 and 39.08	7,287,208
	Correction of error - first time recognitioning accumulated depreciation 2014 - Notes 13 and 39.08	(288,623)
	Correction of error: Derecognition of Land wrongly included in PPE 2014 - Notes 13 and 39.08	(738,994)
	Correction of error - Loose assets incorrectly included in FAR - Cost 2014 - Notes 13 and 39.08	(227,087)
	Correction of error - Loose assets incorrectly included in FAR - Acc Dep 2014 - Notes 13 and 39.08	58,198
	Correction of error - First Time Recognition of Assets - Cost 2014 - Notes 13 and 39.08	1,274,110
	Correction of error - First Time Recognition of Assets - Acc Dep 2014 - Notes 13 and 39.08	(544,691)
	Correction of error - Retention fees not written back to revenue - Notes 9 and 39.06	2,385,128
	Sub-Total	**(100,330,798)**
	Total	**518,465,088**

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		2015 R
39	**CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)**	
39.11	**STATEMENT OF FINANCIAL PERFORMANCE**	
	Balance previously reported	**73,204,152**
	Correction unspent library grant- Notes 26.12 and 39.03	120,900
	Reclassify 15% administration fee of indigents - Notes 29 and 39.11	(38,290)
	Reclassify 15% administration fee of indigents - Notes 29 and 39.11	38,290
	Depreciation wrongly calculated INFRA 2015 - Notes 13 and 39.08	126
	Reclassification of repairs and maintance to PPE Infrastructure: Electricity Notes 13 and 39.08	136,252
	Derecognise lease assets accumulated depreciation 2015 - Note 13 and 39.08	15,922
	Life time Property plant and equipment 2015 - Notes 13 and 39.08	9,397
	Expenses wrongly capitlised as intangible assets: Cost 2015 - Notes 16 and 39.09	(1,899)
	Expenses wrongly capitlised as intangible assets: Accumulated amortisation - Notes 16 and 39.09	239,259
	First time recognition of asset not previously recognised as an intangible asset: Accumulated amortisation 2014 - Notes 16 and 39.09	(2,191)
	Net effect of data cleansing 2015 - Notes 21 and 39.02	(188,639)
	Property Rates	(131,286)
	Interest	(43,723)
	Water sales	(97,927)
	Refuse sales	(100,855)
	Sewerage sales	4,563
	Electricity sales	50,654
	Sundry Income	129,936
	Change in Accounting Policy: Investment property: Accumulated depreciation 2015 - Notes 15 and 39.04	(83,345)
	Change in Accounting Policy: Investment property: Reversal of previous 2015 impairment - Notes 15 and 39.04	737,811
	Change in Accounting Policy: Reversal of previous Fair value adjustment 2015 - Notes 15 and 39.04	(1,641,733)
	Change in accounting policy: Adjustment of previous Loss on disposal 2015 - Notes 15 and 39.04	(840,242)
	Correction of error - first time recognitioning of Investment Property: Accumulated depreciation 2015 - Notes 15 and 39.04	(150)
	Correction of error - derecognitioning of Investment Property not the property of municipality: Accumulated depreciation 2015 - Notes 15 and 39.04	1,043
	Change in Accounting Policy: Cost Conversion: Impairment Land 2015 - Notes 13 and 39.08	(137,191)
	Change in Accounting Policy: Reversal of revaluation surplus: Accumulated impairment: Buildings 2015 - Notes 13 and 39.08	2,985,957
	Correction of Error: Reclassification as Accumulated Impairment: Land 2015 - Notes 13 and 39.08	3,183
	Change in Accounting Policy: Reversal of revaluation surplus: Accumulated Depreciation: Buildings 2015 - Notes 13 and 39.08	(341,957)
	Correction of error: Loss on disposal of sale of asset previously classified as impairment: Buildings 2015 - Notes 13 and 39.08	(192,665)
	Correction of error - first time recognitioning accumulated depreciation 2015 - Notes 13 and 39.08	(41,232)
	Correction of error - Loose assets incorrectly included in FAR - Cost 2015 - Notes 13 and 39.08	(22,101)
	Correction of error - Loose assets incorrectly included in FAR - Acc Dep 2015 - Notes 13 and 39.08	15,453
	Correction of error - First Time Recognition of Assets - Dep 2015 - Notes 13 and 39.08	(77,783)
	Asset incorrectly recognised as expense (Repairs and Maintenance) - Notes 13 and 39.08	130,614
	Correction of error - Correction of impairment - Notes 13 and 34	14,346
	Correction of error - Correction of Repairs and Maintenance - Notes 13 and 34	(14,346)
	Total	**74,028,944**
39.12	**Irregular expenditure**	
	Balance previously reported	**45,440,514**
	Correction of error - Irregular expenditure prior year - Note 44.3	(1,337,696)
	Correction of error - Irregular expenditure current year - Note 44.3	(922,461)
	Correction of error - Written off by council - Note 44.3	(43,180,357)
	Total	**(0)**

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		2016 R	2015 R
40	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus for the year	45,283,493	74,028,944
	Adjustments for:		
	Depreciation	24,516,804	10,735,042
	Impairments / Reversal of impairments	(39,929)	122,580
	Amortisation of Intangible Assets	81,597	83,011
	(Gain) / Loss on disposal of property, plant and equipment	5,797,797	2,910,888
	Grants received	155,625,815	185,420,430
	Grants recognised as revenue	(161,399,450)	(169,476,302)
	Contribution from/to employee benefits- non current	7,926,255	7,091,111
	Contribution from/to employee benefits - non-current - expenditure incurred	(1,665,902)	(1,600,108)
	Contribution from/to employee benefits - non-current - actuarial losses / gains	(6,542,225)	230,910
	Contribution to employee benefits – current	10,272,652	9,702,900
	Contribution to employee benefits – current - expenditure incurred	(8,344,707)	(8,111,959)
	Contribution to provisions – bad debt	48,810,858	36,926,127
	Impairment written off	(28,337,231)	(27,774,394)
	Operating lease income accrued	(45,816)	(5,877)
	Changes in Non-current provisions - Unwinding of interest	3,498,716	1,360,143
	Operating Surplus before changes in working capital	95,438,730	121,643,446
	Changes in working capital	(34,063,326)	(7,197,961)
	Increase/(Decrease) in Trade and Other Payables	288,696	10,844,499
	Increase/(Decrease) in Taxes	(738,007)	827,486
	(Increase)/Decrease in Long-term Receivables	(218,615)	(452,914)
	(Increase)/Decrease in Inventory	(891,353)	(841,508)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(17,608,367)	(10,357,431)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(14,895,679)	(7,218,093)
	Cash generated/(absorbed) by operations	**61,375,403**	**114,445,484**
41	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 24	50,530,424	50,709,125
	Cash Floats - Note 24	10,550	10,350
	Bank - Note 24	5,901,496	17,743,217
	Total cash and cash equivalents	**56,442,470**	**68,462,691**
42	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 41	56,442,470	68,462,691
		56,442,470	68,462,691
	Less:	(5,620,719)	(11,340,895)
	Unspent Committed Conditional Grants - Note 10	(5,258,810)	(10,497,027)
	Unspent Public Contributions - Note 11	(361,909)	(843,868)
	Resources available for working capital requirements	**50,821,751**	**57,121,797**
	Allocated to:		
	Capital Replacement Reserve	8,599,462	15,721,475
	Social Contribution Reserve	-	-
	Resources available for working capital requirements	**42,222,289**	**41,400,322**

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43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2016 R	2015 R
Long-term Liabilities - Note 3	102,875,217	110,549,989
Used to finance property, plant and equipment - at cost	(102,875,217)	(110,549,989)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	**-**	**-**

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

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

	2016 R	2015 R
Reconciliation of unauthorised expenditure:		
Opening balance	21,904,021	21,904,021
Approved by council	(21,904,021)	-
Unauthorised expenditure awaiting authorisation	**-**	**21,904,021**

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	*None*

Budget comparison by vote - Unauthorised expenditure current year - operating

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (Unauthorised)
Executive and council	28,069,694	32,359,665	(4,289,971)	-
Budget and treasury office	38,597,007	38,661,418	(64,411)	-
Corporate services	52,502,162	57,510,023	(5,007,861)	-
Community and social services	6,283,269	6,746,794	(463,525)	-
Sport and recreation	7,667,056	8,472,412	(805,356)	-
Public safety	40,843,338	41,262,723	(419,385)	-
Housing	48,556,933	79,813,949	(31,257,016)	-
Planning and development	9,537,346	11,320,864	(1,783,518)	-
Road transport	28,776,952	31,158,715	(2,381,763)	-
Environmental protection	1,811	50,216	(48,405)	-
Electricity	64,006,059	65,368,402	(1,362,343)	-
Water	42,023,349	42,763,772	(740,423)	-
Waste water management	28,515,019	28,729,913	(214,894)	-
Waste management	44,010,241	44,730,307	(720,066)	-
	439,390,235	**488,949,173**	**(49,558,938)**	**-**

Budget comparison by vote - Unauthorised expenditure current year - capital

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (Unauthorised)
Executive and council	1,376,866	1,447,195	(70,329)	-
Budget and treasury office	32,152	38,378	(6,226)	-
Corporate services	7,294,466	7,354,686	(60,220)	-
Community and social services	444,126	1,300,041	(855,915)	-
Sport and recreation	3,755,328	4,638,774	(883,446)	-
Public safety	222,528	257,565	(35,037)	-
Housing	7,069,326	11,682,000	(4,612,674)	-
Road transport	3,517,762	3,929,322	(411,560)	-
Electricity	13,081,243	13,724,174	(642,931)	-
Water	6,580,831	10,651,721	(4,070,890)	-
Waste water management	18,856,558	21,767,069	(2,910,511)	-
Waste management	3,000,000	3,000,000	(0)	-
	65,231,185	**79,790,925**	**(14,559,740)**	**-**

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		2016 R	2015 R
44	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONT.)**		
44.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	69,270	73,202
	Fruitless and wasteful expenditure current year	-	12,313
	Written off by council	-	(12,313)
	Amounts paid	-	(3,931)
	Fruitless and wasteful expenditure awaiting further action	**69,270**	**69,270**

Incident	Disciplinary steps/criminal proceedings
2012/2013 Incorrect calculation of leave payout	*None*
2014/2015 Owner not billed for cleaning of stand & Loss of tracking device	*None*

44.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	(0)	22,656,251
	Irregular expenditure prior year	2,260,157	-
	Irregular expenditure current year	654,430	20,524,106
	Written off by council	(2,914,587)	(43,180,357)
	Irregular expenditure awaiting further action	**(0)**	**(0)**
	Irregular expenditure awaiting condonement from National Treasury	**46,094,944**	**43,180,357**

Incident	Disciplinary steps/criminal proceedings
Housing Contracts not finish within contract dates - 2013/2014 and prior years - R22 459 741and R444 488.50. SCM Policy inconsistent with Regulations for procurement of accommodation, legal services, medical services and newspaper advertisements - R893 208	*None*
Housing Contracts not finish within contract dates - 2014/2015 - R20 524 106 & SCM Policy inconsistent with Regulations for procurement of accommodation, legal services, medical services and newspaper advertisements - R922 461	*None*
SCM Policy inconsistent with Regulations for procurement of accommodation, legal services, medical services and newspaper advertisements for 205/2016 financial year - R654 430	*None*

All irregular expenditure which has been incurred, was certified by Council as irrecoverable and written off.

44.4	**Material Losses**		
	Water distribution losses		
	- Kilolitres purified	5,204,888	4,688,915
	- Kilolitres lost during distribution	1,306,779	1,124,857
	- Percentage lost during distribution	25.00%	24.00%
	Electricity distribution losses		
	- Units purchased (Kwh)	60,626,680	60,283,924
	- Units lost during distribution (Kwh)	2,996,444	2,817,158
	- Percentage lost during distribution	4.94%	4.67%
45	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
45.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**	**R**	**R**
	Opening balance	-	-
	Council subscriptions	1,491,774	1,451,915
	Amount paid - current year	(1,491,774)	(1,451,915)
	Balance unpaid (included in creditors)	**-**	**-**

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		2016 R	2015 R
45	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
45.2	**Audit fees - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year audit fee	2,722,628	2,635,176
	External Audit - Auditor-General	2,722,628	2,635,176
	Amount paid - current year	(2,722,628)	(2,635,176)
	Balance unpaid (included in creditors)	**-**	**-**
45.3	**VAT - [MFMA 125 (1)(b)]**		
	Opening balance	(705,508)	300,244
	Amounts received - current year	2,554,921	2,861,554
	Amounts received - previous years	705,509	-
	Amounts claimed - current year	(1,829,762)	(2,643,401)
	Amounts paid	(1,576,056)	(923,662)
	Amounts paid - previous years	-	(300,244)
	Closing balance - (Receivable)/Payable	**(850,897)**	**(705,508)**
	VAT - Receivable/(Payable)	**2,650,207**	**447,279**
	Vat in suspense due to cash basis of accounting		
	Input VAT	12,971,541	10,615,101
	Output VAT	(10,321,334)	(10,167,822)
	Receivable/(Payable)	**2,650,207**	**447,279**

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

45.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	20,681,746	17,769,323
	Amount paid - current year	(20,681,746)	(17,769,323)
	Balance unpaid (included in creditors)	**-**	**-**
45.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	35,214,995	31,731,880
	Amount paid - current year	(35,214,995)	(31,731,880)
	Balance unpaid (included in creditors)	**-**	**-**

45.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

There were no Councillors who had arrear accounts for more than 90 days as at 30 June 2016.

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		2016 R	2015 R

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.7 Deviations approved in terms of the Supply Chain Management Policy

Deviations from Supply Chain Management Regulations were approved by the Accounting Officer on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Executive & Council	198,030	-	-	-
Corporate Services	485,438	696,592	1,894,889	-
Development Services	285,043	1,317,597	-	5,548,495
Financial Services	-	-	3,493,723	-
Technical Services	438,611	574,975	1,859,308	2,589,193
Operations	4,052,407	5,040,253	-	-
	5,459,529	**7,629,416**	**7,247,920**	**8,137,687**

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

Section 36(1)(a)(i) - Emergencies
Section 36(1)(a)(ii) - Single provider
Section 36(1)(a)(iii) - Specialised services
Section 36(1)(a)(v) - Impractical to follow official procurement process

The major deviations approved are as follows:

Incident	Amount R
The appointment of a Housing Implementing Agent	5,548,495
Purchasing of W15mm WDM Water Meters	3,067,740
Design and build a new 2ml prefabricated steel Reservoir at Riviersonderend	1,373,600

CAPITAL COMMITMENTS	2016 R	2015 R
Commitments in respect of capital expenditure:		
Approved and contracted (exclusive of Value Added Tax) for:		
Infrastructure	16,315,589	34,336,076
Total	**16,315,589**	**34,336,076**
This expenditure will be financed from:		
External Loans	3,915,436	3,257,437
Government Grants	8,907,382	29,499,809
Own Resources	3,492,771	1,578,831
	16,315,589	**34,336,076**

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46 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

The municipality did not hedge against any interest rate risks during the current year.

	2016 R	2015 R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
1% (2015 - 0.5%) Increase in interest rates	564,319	684,523
0.5% (2015 - 0.5%) Decrease in interest rates	(282,160)	(342,262)

(d) Credit Risk

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

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

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

All rates and services are payable within 30 days from invoice date. Refer to note 21 and 22 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 21 for balances included in receivables that were re-negotiated for the period under review.

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46 FINANCIAL RISK MANAGEMENT (CONTINUED)

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2016 %	2016 R	2015 %	2015 R
Non-Exchange Receivables				
Rates	14.77%	20,631,852	17.63%	20,799,318
Accrued Fines	19.70%	27,527,929	17.30%	20,419,358
Exchange Receivables				
Services	65.53%	91,557,357	65.07%	76,779,811
	100.00%	139,717,138	100%	117,998,487

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

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

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

Long-term Receivables and Other Debtors are individually evaluated annually at the reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2016 R	2015 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	4,208	-
Receivables from exchange transactions	18,961,625	16,130,803
Receivables from non-exchange transactions	11,427,358	5,054,965
Cash and Cash Equivalents	56,442,470	68,462,691
	86,835,660	89,648,460

(e) Liquidity Risk

	Ratio	Ratio
Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.		
The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.	1.01	1.25

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

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46 FINANCIAL RISK MANAGEMENT (CONTINUED)

2016	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	16,191,145	55,355,432	51,988,556	20,877,262
Capital repayments	7,363,727	27,723,872	33,063,346	17,428,225
Interest	8,827,418	27,631,560	18,925,210	3,449,037
Long Term liabilities - Stock Loans	1,598,211	7,251,022	13,626,346	9,256,560
Capital repayments	-	1,000,000	7,553,169	8,469,801
Interest	1,598,211	6,251,022	6,073,177	786,760
Long Term liabilities - Finance Lease Liability	185,400	185,400	-	-
Capital repayments	122,422	150,655	-	-
Interest	62,978	34,745	-	-
Trade and Other Payables	42,160,810	-	-	-
	60,135,566	62,791,854	65,614,902	30,133,822

2015	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	17,109,242	59,398,312	55,042,058	29,969,855
Capital repayments	7,492,037	28,783,360	32,662,116	24,131,030
Interest	9,617,205	30,614,952	22,379,942	5,838,825
Long Term liabilities - Stock Loans	1,602,327	7,348,984	14,339,835	10,043,320
Capital repayments	-	1,000,000	7,553,169	8,469,801
Interest	1,602,327	6,348,984	6,786,666	1,573,520
Long Term liabilities - Finance Lease Liability	185,400	370,800	-	-
Capital repayments	133,531	324,947	-	-
Interest	51,869	45,853	-	-
Trade and Other Payables	43,458,098	-	-	-
	62,355,067	67,118,096	69,381,893	40,013,175

47 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

47.1 Financial Assets

Financial Assets	Classification	2016 R	2015 R
Investments			
Fixed Deposits	Financial instruments at amortised cost	10,540,223	9,627,544
Sanlam Shares	Financial instruments at amortised cost	185,904	204,593
Long-term Receivables			
Officials Housing Loans	Financial instruments at amortised cost	4,208	-
Rates (Re-negotiated terms)	Financial instruments at amortised cost	-	-
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	18,961,625	16,130,803
Current Portion of Long-term Receivables			
Officials Housing Loans	Financial instruments at amortised cost	1,321	6,811
Sport Club Loans	Financial instruments at amortised cost	950,113	666,097
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	50,530,424	50,709,125
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	5,901,496	17,743,217
Cash Floats and Advances	Financial instruments at amortised cost	10,550	10,350
		87,085,863	**95,098,539**

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			2016 R	2015 R
47	**FINANCIAL INSTRUMENTS (CONTINUED)**			
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		87,085,863	95,098,539
	At amortised cost		**87,085,863**	**95,098,539**
47.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	78,215,443	85,576,506
	Capitalised Lease Liability	Financial instruments at amortised cost	150,655	324,947
	Stock Loans	Financial instruments at amortised cost	17,022,970	17,022,970
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	27,203,008	29,151,856
	Interest portion of long term liabilities	Financial instruments at amortised cost	1,219,375	1,235,870
	Retentions	Financial instruments at amortised cost	12,726,904	12,119,776
	Sundry Deposits	Financial instruments at amortised cost	1,011,524	950,595
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	7,363,727	7,492,037
	Capitalised Lease Liability	Financial instruments at amortised cost	122,422	133,531
			145,036,028	**154,008,087**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**145,036,028**	**154,008,087**
48	**STATUTORY RECEIVABLES**			
	Taxes			
	VAT Receivable		4,043,707	3,152,188
	Receivables from Non-exchange Transactions			
	Property Rates		6,736,600	6,261,024
	Fines		7,365,441	7,365,862
	Total Statutory Receivables		**18,145,747**	**16,779,074**

49 EVENTS AFTER THE REPORTING DATE

In term of legislation a new council was elected as per government notice 40198 dated 10 August 2016. Although this event is considered significant for the municipality it does not have any impact on any of the amounts or disclosures.

50 IN-KIND DONATIONS AND ASSISTANCE

None	-	-

51 PRIVATE PUBLIC PARTNERSHIPS

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

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		2016 R	2015 R
52	**CONTINGENT LIABILITIES**		
	The Municipality has lodged a dispute in respect of the tariff charged by Overberg Water regarding a capital levy. This dispute has been referred to national Treasury in terms of section 44 of the Municipal Finance Management Act.	2,201,829	1,121,252

53 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

Related Party Transactions

	Rates - Levied 1 Jul 15 - 30 Jun 16	Service Charges - Levied 1 Jul 15 - 30 Jun 16	Other - Levied 1 Jul 15 - 30 Jun 16	Outstanding Balances 30 June 2016
Year ended 30 JUNE 2016				
Councillors	**40,545**	**77,994**	**2,526**	**9,383**
Cupido A	1,025	6,624	-	668
Carelse G	2,650	7,674	-	753
De Wet P	881	5,229	-	488
Nellie J	205	3,244	-	286
November C	2,320	15,304	-	1,481
Papier KI	1,484	6,486	-	681
Punt C	4,959	7,883	-	883
Sipunzi U	113	5,930	-	400
Plato M	2,566	4,330	-	483
Du Toit D	18,278	5,175	2,526	1,939
Lamprecht C	3,756	5,108	-	722
Appel M	2,308	5,008	-	600
Senior Management				
Isaacs J		563	2,307	240

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

53.1 Related Party Loans

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

53.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 and 31 to the Annual Financial Statements.

53.3 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.	2016 R	2015 R
The following purchases were made where immediate family members are in the service of the State:		
J & A Electriese Werke - Owner Jandre Wessels is the son-in-law of Francois du Toit, TWK Deputy Director Electrical	1,262,917	488,498
Coalition Trading - Owner Pieter Meintjies is the spouse of Alison Tobias-Meintjies, TWK Assistant Supervisor	-	49,209
Ithuba Industries - Owner Alvino De Morney is the spouse of Wendy De Morney, Department of Education Teacher	-	9,339
TWK TV & Video - Owner Jan Barnard is the son of Jan Barnard, TWK Director Operations	200	32,080
Tano'Vera - Owner Tania Bippert is the domestic partner of Nino Hendrick, TWK Manager IT	119,745	72,560
Villiersdorp Security - Director Leon Vosloo is the spouse of Christina Johanna Maria Vosloo TWK Speaker and the father of Chrisme Vosloo, TWK H.R. Temp	149,720	49,430
Finck Attorneys - Owner Ronald Finck is the spouse Gail Finck - TWK Senior Clerk Clearances	8,941	
Greyton Repairs - Owner Riaan Groenewald is the spouse of Gail Groenewald TWK Principle Clerk	-	20,109
Nolene du Toit - Owner Nolene du Toit is the spouse of Francois du Toit, TWK Deputy Director Electrical	-	1,320
Petrol & Diesel Enjin Sentrum - Owner Petrus Pretorius is the parent-in-law of Joanle Pretorius, TWK Chief Clerk	472,815	445,425
R & L Hendricks Trust - Shareholder Robert Hendricks is the second cousin of Ashley Hendrick, TWK Manager SCM	-	13,370

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53 RELATED PARTIES (CONTINUED)

	2016 R	2015 R
Marshall Armature Winding - Owner Gert Koegelenberg is the spouse of Martie Koegelenberg, TWK Councillor	130,025	16,044
Mopstix Cleaning Services - Owner Altina van Niekerk is the spouse of Monroe van Niekerk, Department of Health Ambulance Medic	-	5,200
Adenco Construction - Director Victor Machimana is the parent of Helen Machimana, Department of Welfare Limpopo Social Worker; Director Vuyo Machimana is the parent of Busisiwe Skosana, Department of Health Gauteng Nursing Sister and Director Daniel Jackson is the parent of Adele Kassner, Department of Education Teacher	7,233,900	5,763,631
WAM Technology - Director Willem Botes is the spouse of Stella Botes, Department of Education Teacher	53,865	418,065
Masanda Trading cc - Owner Verinica Moos is the parent-in-law of Michelle Thomas, TWK Cashier	1,266,398	
ABSA Bank - Director Maria Ramos is the spouse of Trevor Manual a Minister in the Presidency	6,802,781	6,807,272
Aurecon SA - Professional Services - Parent of R Mehlala (CFO: Eastern Cape Arts and Culture Council) and Son of G Saaiman (Auditor General)	273,769	-
MH Sulivan t/a Jenspeed Auto Consulting - Owner Mackman Hilton Sulivan is the son-in-law of Marius August Technical Officer in Grabouw	855,458	120,622
Safetech - Owner Elizma Goltz is the spouse of Ronald Micheal Goltz Fireman by the City of Cape Town	70,354	12,107
S'Cees Coffee Shop - Owner Esmaralda Dreyer is the spouse of Neville Dreyer Health Inspector by Overberg District Municipality	25,280	25,989
Anchwin Technical Work - Owner Angus Klaasen is the spouse of Wylene Klaasen, TWK Clerk	33,670	63,978
Joseph Pedro Carpets - Owner Joseph Pedro is the grandparent of Wingreen Pedro TWK Records Clerk	19,711	98,810
Valentine Repairs - Owner Frederich Rosant is the step-father and/ relative living in a common household of Chris Bloemfontein TWK IT	-	25,014
Nico Nel - Owner Nico Nel is the parent of Zanne Nel TWK Legal Advisor	-	175,921
Electricall - Owner Gert Koegelenberg is the spouse of Martie Kogelenberg, TWK Councillor and owner Janse Norval is the father of Joanle Pretorius, TWK Chief Creditors	66,534	-
Howard General Services - Owner Howard Smith is the brother-in-law of Roland Arendse (TWK Operations, Genadendal) and the uncle of Verhone Arendse and Haidee Arendse (TWK, Finance)	66,587	-
Fairbridges Attorneys - Director Waheeda Shreef is the spouse of Mohammed Jawodeen, Non-Executive Director of the Central Energy Fund. Director Adela Petersen is the sister of Shaheed Hofmeester, a Teacher and Director Diane-Maree Rauch is the daughter-in-law of Henk Rauch, Programme Manger at Petrosa.	188,563	-
Die Pienk Bicycle - Owner Dianne Phillips is the mother of Eben Phillips, Director at the Municipality of Knysna	5,000	-
Vinmar (Pty) Ltd. - Owner Vincent van der Linde is the brother of Berdine Abrahams, TWK, Finance	130,968	-
ATC Builders - Owner Alfred Patience is the father of Tyrone Patience, IT Clerk at Department of Health	5,600	-
Suid-Kaap Waardeerders - Owner Stephanus de Swardt is the spouse of Anna de Swardt, Professional Nurse at the Provincial Adminstration of Western Cape	49,548	-
Maverick Trading 1088 - Owner Vuyokazi Machimana is the daughter of Busiswe Skosana, a General Nurse at the Deparment of Health Gauteng	103,712	-
EM Mobile Car Wash and Cleaning Services - Owner Elizabeth Marthinus is the spouse of Charles Martinus (EMS Services) and the mother of Quwin Marthinus (Teacher, Western Cape Education Deaprtment)	2,925	-
Carol-Ann Pedro Contractors - Owner Carol-Ann Pedro is the mother of Wingreen Pedro, TWK Records Clerk	150,999	-
TWK Hardware and Tools - Owner Telpha Smit is the son of Delia Saptoe, Teacher at the Western Cape Education Department	2,000	-
SMEC SA - Director Nakedi Phosa is the spouse of Yvonne Phosa, Chairperson at the Parliament of South Africa	16,758	-
NCC Environmental Services (Pty) Ltd. - Director Linden Rhode is the spouse of Cahndre Rhode, Clerk at the City of Cape Town	88,179	-
	19,656,921	**14,713,993**

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APPENDIX A - Unaudited
THEEWATERSKLOOF MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2015	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2016
LONG-TERM LOANS							
Stock Loans							
DBSABANK - 20 years	9.29%	Loan No. 102275/4&5	31/03/2027	10,022,971	-	-	10,022,970
DBSABANK - 20 year	9.46%	Loan No. 101487/1 Electricity	31/12/2024	6,873,758	-	-	6,873,758
DBSABANK	9.77%	Loan No. 101487/4 Admin/Corp/Refuse	31/12/2019	126,242	-	-	126,242
Total Long-term Loans				**17,022,971**	**-**	**-**	**17,022,970**
ANNUITY LOANS							
DBSA BANK - 10 & 20 year	10.74%	Loan No. 102807/1	30/06/2028	8,731,984	-	698,561	8,033,423
DBSA BANK 10 & 20 year	11.44%	Loan No. 103108/1	30/09/2028	8,740,677	-	348,582	8,392,095
ABSA BANK - 11 year	11.14%	(Electricity, Water, Sewerage)10858/1	31/12/2018	676,106	-	181,717	494,389.12
ABSA BANK - 11 year	11.14%	(Sewerage)10858/2	31/12/2018	64,963	-	-	64,963.08
ABSA BANK - 8 year	11.27%	(Sewerage) 104013 (12704/101)	31/12/2015	41,231	-	41,231	-
ABSA BANK - 8 year	11.27%	(Water Service) 105021(12705/101)	31/12/2015	16,997	-	16,997	-
DBSA BANK - 20 year	16.50%	13343(16.50%) (Electricity)	31/12/2019	108,823	-	17,942	90,881
DBSA BANK - 20 year	15.75%	Electricity (15.75%) (13705/102)	30/06/2020	56,302	-	8,117	48,186
DBSA BANK - 20 year	9.85%	103313.1	31/03/2029	19,468,929	-	687,649	18,781,280
DBSA BANK - 15 year	9.97%	103313.2	31/03/2024	4,937,154	-	359,366	4,577,788
DBSA BANK - 10 year	10.00%	103313.3	31/03/2019	552,914	-	118,635	434,279
DBSA BANK - 7 year	9.95%	103313.4	31/03/2016	796,503	-	796,503	-
STANDARD BANK-7 year	11.67%	72480009	31/07/2017	452,083	-	165,649	286,434
STANDARD BANK-10 year	11.72%	72479981	31/07/2020	2,060,912	-	285,598	1,775,315
DBSA - 20 year	11.06%	103817/3	31/12/2030	10,358,404	-	271,439	10,086,964
STANDARD BANK-15 year	12.22%	272400572	30/06/2026	7,199,946	-	335,706	6,864,239
ABSA BANK - 7 year	10.45%	406885872	30/06/2018	1,549,498	-	464,630	1,084,868
ABSA BANK - 15 year	10.79%	40-7908-8994	27/06/2027	10,645,227	-	464,037	10,181,190
ABSA BANK - 7 year	9.42%	40-7908-9071	27/06/2019	5,446,564	-	1,178,882	4,267,682
ABSA BANK - 7 year	8.25%	8259-8788	27/06/2019	245,299	-	54,065	191,234
ABSA BANK - 7 year	8.25%	8259-9091	27/06/2019	63,187	-	13,926	49,260
ABSA BANK - 7 year	8.25%	8259-9741	27/06/2019	389,825	-	85,919	303,907
ABSA BANK - 7 year	10.09%	387230962	21/06/2021	2,686,967	-	344,718	2,342,250
ABSA BANK - 10 year	10.63%	387230963	27/06/2024	7,778,048	-	549,505	7,228,543
Total Annuity Loans				**93,068,542**	**-**	**7,489,372**	**85,579,170**
LEASE LIABILITY							
30 Laptops				458,477	-	185,400	273,077
Total Lease Liabilities				**458,477**	**-**	**185,400**	**273,077**
TOTAL EXTERNAL LOANS				**110,549,990**	**-**	**7,674,772**	**102,875,217**

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APPENDIX B - Unaudited
THEEWATERSKLOOF MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
MUNICIPAL SUB-VOTES CLASSIFICATION

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
59,098,512	33,711,204	25,387,308	Admin Housing and Informal Settlements	50,822,914	48,556,933	2,265,981
1,091,808	11,146,383	(10,054,576)	Admin. : Technical Services	1,154,889	11,743,615	(10,588,725)
-	8,284,393	(8,284,393)	Admin: Operational Services	-	10,498,195	(10,498,195)
-	3,656,860	(3,656,860)	Admin: Planning and Development	-	3,369,747	(3,369,747)
1,462,926	379,421	1,083,505	Building Control	1,584,006	1,145,185	438,821
484,245	418,488	65,757	Cemeteries	519,566	562,167	(42,600)
-	435,073	(435,073)	Civil Protection & Fire Protection	-	673,269	(673,269)
4,510,772	12,683,511	(8,172,739)	Council's General Expences	6,748,985	12,946,410	(6,197,425)
778,940	19,618,093	(18,839,153)	Directorate Corporate Services	933,567	19,315,815	(18,382,248)
75,897,942	53,175,246	22,722,696	Electricity Distribution	82,782,942	64,006,059	18,776,883
66,180,177	29,161,943	37,018,234	Financial Services	76,205,795	34,123,296	42,082,498
278,599	6,348,832	(6,070,233)	Human Resources	599,742	7,707,620	(7,107,879)
71,690	2,702,449	(2,630,759)	IDP / LED	836,760	2,561,804	(1,725,044)
-	4,393,962	(4,393,962)	Information Technology	-	4,838,430	(4,838,430)
-	1,567,892	(1,567,892)	Internal Audit	-	1,636,293	(1,636,293)
-	2,565,187	(2,565,187)	Law Enforcement	-	2,689,938	(2,689,938)
5,792,790	5,272,313	520,477	Library	6,651,292	5,721,103	930,190
-	458,192	(458,192)	Mechanical Workshop	-	774,977	(774,977)
990,411	4,479,657	(3,489,245)	Municipal Manager	1,013,805	4,625,090	(3,611,285)
-	1,041,641	(1,041,641)	Nature reserve	-	1,079,117	(1,079,117)
10,632	329,070	(318,438)	Other	143,415	451,871	(308,457)
(694,350)	5,446,692	(6,141,042)	Parks and Recreation	(341,293)	5,900,232	(6,241,525)
-	6,060	(6,060)	Pollution Control	-	1,811	(1,811)
92,000	101,021	(9,021)	Proclaimed Main Roads	82,200	212,971	(130,771)
-	1,433,675	(1,433,675)	Property Manangement	-	1,539,676	(1,539,676)
68,726,119	2,925,184	65,800,935	Property Rates	77,076,058	2,087,418	74,988,640
(1,631,199)	5,390,910	(7,022,109)	Property Services	(3,282,203)	4,751,958	(8,034,161)
(587,994)	25,401,182	(25,989,176)	Roads	(249,415)	25,768,355	(26,017,771)
22,389,816	19,002,619	3,387,197	Sewerage	26,556,901	20,744,602	5,812,299
-	4,419,550	(4,419,550)	Sewerage Purification	-	5,075,142	(5,075,142)
3,195,969	2,412,014	783,955	Sewerage Tanker Services	3,731,719	2,695,275	1,036,444
26,110,636	26,707,830	(597,194)	Solid Waste	31,185,585	44,010,241	(12,824,657)
5,512	625,670	(620,157)	Sports Grounds	(330,173)	687,707	(1,017,880)
31,441,886	-	31,441,886	Subsidies and Grants	28,634,690	750,000	27,884,690
(91,074)	490	(91,564)	Swimming pool & Camping Site	(1,043)	-	(1,043)
469,172	3,341,012	(2,871,841)	Town Planning	2,817,867	4,290,680	(1,472,812)
25,329,818	28,129,332	(2,799,514)	Traffic Services	31,132,070	37,028,259	(5,896,189)
5,574,436	3,198,242	2,376,194	Vehicle Licensing and Testing	5,590,588	2,795,626	2,794,963
45,347,124	37,927,080	7,420,044	Water Distribution	52,072,500	42,023,349	10,049,151
442,327,316	368,298,372	74,028,944	**Total**	484,673,729	439,390,235	45,283,493

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APPENDIX C - Unaudited
THEEWATERSKLOOF MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
5,501,184	25,447,561	(19,946,377)	Executive and council	7,762,790	28,069,694	(20,306,905)
166,348,182	33,655,019	132,693,163	Budget and treasury office	181,916,543	38,597,007	143,319,535
518,147	51,013,231	(50,495,084)	Corporate services	(594,005)	52,502,162	(53,096,167)
6,277,035	5,690,801	586,234	Community and social services	7,170,858	6,283,269	887,589
(779,912)	7,114,492	(7,894,404)	Sport and recreation	(672,509)	7,667,056	(8,339,565)
25,340,450	31,458,662	(6,118,212)	Public safety	31,275,485	40,843,338	(9,567,853)
59,098,512	33,711,204	25,387,308	Housing	50,822,914	48,556,933	2,265,981
2,003,788	7,856,558	(5,852,770)	Planning and development	5,238,633	9,537,346	(4,298,712)
5,078,443	28,700,445	(23,622,002)	Road transport	5,423,373	28,776,952	(23,353,579)
-	6,060	(6,060)	Environmental protection	-	1,811	(1,811)
75,897,942	53,175,246	22,722,696	Electricity	82,782,942	64,006,059	18,776,883
45,347,124	37,927,080	7,420,044	Water	52,072,500	42,023,349	10,049,151
25,585,785	25,834,184	(248,398)	Waste water management	30,288,620	28,515,019	1,773,600
26,110,636	26,707,830	(597,194)	Waste management	31,185,585	44,010,241	(12,824,657)
-	-	-	Other	-	-	-
442,327,316	368,298,372	74,028,944	**Total**	484,673,729	439,390,235	45,283,493

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APPENDIX D - Unaudited
THEEWATERSKLOOF MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2015	Correction of error	Balance 1 JULY 2015	Grants Received	Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2016
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R
National Government Grants						
Equitable Share	-	-	-	63,908,000	(63,908,000)	-
Finance Management Grant	-	-	-	1,600,000	(1,123,824)	476,176
MSIG Funds	-	-	-	930,000	(930,000)	-
Municipal Infrastructure Grant	-	-	-	25,627,000	(25,621,952)	5,048
National Electrification Program	-	-	-	5,000,000	(4,752,852)	247,148
EPWP	8,916	-	8,916	1,086,000	(1,148,374)	(53,458)
Regional Bulk Infrastructure Grant (RBIG)	-	-	-	2,163,743	(2,163,743)	-
Municipal Disaster Recovery	946,000	-	946,000	-	(946,000)	-
Total National Government Grants	**954,916**	**-**	**954,916**	**100,314,743**	**(100,594,744)**	**674,915**
Provincial Government Grants						
Housing	7,989,826	-	7,989,826	43,634,560	(50,822,914)	801,472
CDW's	51,497	-	51,497	108,000	(158,252)	1,245
Main Roads Subsidy	-	-	-	114,000	(82,200)	31,800
Library Subsidy	710,862	(120,900)	589,962	6,539,000	(6,740,176)	388,786
Thusong Multi Purpose Centre	-	-	-	312,000	(286,410)	25,590
Violence Prevention through Urban Upgrading	-	-	-	500,000	(500,000)	-
Financial Support Grant	583,143	-	583,143	1,245,101	(824,383)	1,003,860
Municipal Capacity Building Grant	-	-	-	500,000	-	500,000
Total Provincial Government Grants	**9,335,328**	**(120,900)**	**9,214,428**	**52,952,661**	**(59,414,336)**	**2,752,753**
Other Grant Providers						
DBSA Local Economic Development	327,683	-	327,683	1,450,000	-	1,777,683
Public Contributions - HAN Students	631,360	-	631,360	582,196	(1,013,805)	199,751
Public Contributions - IDC - Local Economic Development	212,508	-	212,508	-	(50,350)	162,158
SETA	-	-	-	326,216	(326,216)	-
Total Other Grant Providers	**1,171,551**	**-**	**1,171,551**	**2,358,412**	**(1,390,370)**	**2,139,592**
Total	**11,461,795**	**(120,900)**	**11,340,895**	**155,625,815**	**(161,399,450)**	**5,567,260**

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APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2015/2016							2014/2015
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue - Standard								
Governance and administration	**166,562**	**12,797**	**179,359**	**189,085**	9,726	105.4%	113.5%	**172,368**
Executive and council	198	1,061	1,259	7,763	6,503	616.3%	3920.6%	5,501
Budget and treasury office	162,277	13,220	175,498	181,917	6,419	103.7%	112.1%	166,348
Corporate services	4,087	(1,484)	2,602	(594)	(3,196)	-22.8%	-14.5%	518
Community and public safety	**85,295**	**33,839**	**119,135**	**88,597**	**(30,538)**	**74.4%**	**103.9%**	**89,936**
Community and social services	7,090	646	7,736	7,171	(565)	92.7%	101.1%	6,277
Sport and recreation	(744)	(21)	(765)	(673)	93	87.9%	90.4%	(780)
Public safety	15,306	10,592	25,898	31,275	5,377	120.8%	204.3%	25,340
Housing	63,643	22,623	86,266	50,823	(35,443)	58.9%	79.9%	59,099
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**8,700**	**3,243**	**11,944**	**10,662**	**(1,282)**	**89.3%**	**122.5%**	**7,082**
Planning and development	3,091	2,297	5,389	5,239	(150)	97.2%	169.5%	2,004
Road transport	5,609	946	6,555	5,423	(1,132)	82.7%	96.7%	5,078
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**205,647**	**(10,975)**	**194,671**	**196,330**	**1,658**	**100.9%**	**95.5%**	**172,941**
Electricity	83,198	1,269	84,466	82,783	(1,684)	98.0%	99.5%	75,898
Water	60,848	(9,712)	51,135	52,073	937	101.8%	85.6%	45,347
Waste water management	26,789	1,292	28,081	30,289	2,208	107.9%	113.1%	25,586
Waste management	34,812	(3,823)	30,989	31,186	197	100.6%	89.6%	26,111
Other	–	–	–	–	–	-	-	–
Total Revenue - Standard	**466,204**	**38,905**	**505,109**	**484,674**	**(20,435)**	**96.0%**	**104.0%**	**442,327**
Expenditure - Standard								
Governance and administration	**138,169**	**9,787**	**147,956**	**119,169**	(28,787)	80.5%	86.2%	**110,116**
Executive and council	31,528	4,130	35,658	28,070	(7,588)	78.7%	89.0%	25,448
Budget and treasury office	37,987	1,391	39,377	38,597	(780)	98.0%	101.6%	33,655
Corporate services	68,654	4,267	72,921	52,502	(20,419)	72.0%	76.5%	51,013
Community and public safety	**100,964**	**30,137**	**131,101**	**103,351**	**(27,750)**	**78.8%**	**102.4%**	**77,975**
Community and social services	6,498	249	6,747	6,283	(464)	93.1%	96.7%	5,691
Sport and recreation	8,522	(50)	8,472	7,667	(805)	90.5%	90.0%	7,114
Public safety	25,632	10,436	36,068	40,843	4,776	113.2%	159.3%	31,459
Housing	60,312	19,502	79,814	48,557	(31,257)	60.8%	80.5%	33,711
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**41,945**	**585**	**42,530**	**38,316**	**(4,214)**	**90.1%**	**91.3%**	**36,563**
Planning and development	10,506	815	11,321	9,537	(1,784)	84.2%	90.8%	7,857
Road transport	31,389	(230)	31,159	28,777	(2,382)	92.4%	91.7%	28,700
Environmental protection	50	–	50	2	(48)	3.6%	3.6%	6
Trading services	**168,254**	**(892)**	**167,362**	**178,555**	**11,193**	**106.7%**	**106.1%**	**143,644**
Electricity	67,121	(752)	66,368	64,006	(2,362)	96.4%	95.4%	53,175
Water	43,650	(414)	43,236	42,023	(1,212)	97.2%	96.3%	37,927
Waste water management	26,171	1,009	27,180	28,515	1,335	104.9%	109.0%	25,834
Waste management	31,313	(735)	30,577	44,010	13,433	143.9%	140.6%	26,708
Other	–	–	–	–	–	-	-	–
Total Expenditure - Standard	**449,331**	**39,617**	**488,948**	**439,390**	**(49,558)**	**89.9%**	**97.8%**	**368,298**
Surplus/(Deficit) for the year	**16,873**	**(712)**	**16,161**	**45,283**	**29,122**	**280.2%**	**268.4%**	**74,029**

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APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2015/2016							2014/2015
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue by Vote								
Vote 1 - Executive & Council	2,113	1,060	3,173	9,851	6,678	310.5%	466.2%	7,372
Vote 2 - Finance & Admin	133,982	13,348	147,330	150,599	3,269	102.2%	112.4%	133,554
Vote 3 - Planning & Development	3,091	2,297	5,389	5,239	(150)	97.2%	169.5%	2,004
Vote 4 - Community & Social Services	7,090	646	7,736	7,171	(565)	92.7%	101.1%	6,277
Vote 5 - Housing	63,643	22,623	86,266	50,823	**(35,443)**	**58.9%**	**79.9%**	59,099
Vote 6 - Public Safety	15,306	10,592	25,898	31,275	5,377	120.8%	204.3%	25,340
Vote 7 - Sport & Recreation	(744)	(21)	(765)	(673)	93	87.9%	90.4%	(780)
Vote 8 - Environmental Protection	–	–	–	–	–	-	-	–
Vote 9 - Waste Management	34,812	(3,823)	30,989	31,186	197	100.6%	89.6%	26,111
Vote 10 - Waste Water Management	26,789	1,292	28,081	30,289	2,208	107.9%	113.1%	25,586
Vote 11 - Roads Transport	5,609	946	6,555	5,423	**(1,132)**	**82.7%**	**96.7%**	5,078
Vote 12 - Water	60,848	(9,712)	51,135	52,073	937	101.8%	85.6%	45,347
Vote 13 - Electricity	83,198	1,269	84,466	82,783	(1,684)	98.0%	99.5%	75,898
Vote 14 - Other	30,467	(1,611)	28,856	28,635	(221)	99.2%	94.0%	31,442
Total Revenue by Vote	**466,204**	**38,905**	**505,109**	**484,674**	**(20,435)**	**96.0%**	**104.0%**	**442,327**
Expenditure by Vote ***to be appropriated***								
Vote 1 - Executive & Council	65,154	3,328	68,482	59,129	(9,353)	86.3%	90.8%	56,212
Vote 2 - Finance & Admin	66,106	7,013	73,120	55,145	(17,975)	75.4%	83.4%	49,789
Vote 3 - Planning & Development	14,676	246	14,922	12,907	(2,015)	86.5%	87.9%	11,513
Vote 4 - Community & Social Services	6,498	249	6,747	6,283	(464)	93.1%	96.7%	5,691
Vote 5 - Housing	60,312	19,502	79,814	48,557	(31,257)	60.8%	80.5%	33,711
Vote 6 - Public Safety	25,632	10,436	36,068	40,843	4,776	113.2%	159.3%	31,459
Vote 7 - Sport & Recreation	8,522	(50)	8,472	7,667	(805)	90.5%	90.0%	7,114
Vote 8 - Environmental Protection	50	–	50	2	(48)	3.6%	3.6%	6
Vote 9 - Waste Management	31,313	(735)	30,577	44,010	13,433	143.9%	140.6%	26,708
Vote 10 - Waste Water Management	26,171	1,009	27,180	28,515	1,335	104.9%	109.0%	25,834
Vote 11 - Roads Transport	31,389	(230)	31,159	28,777	(2,382)	92.4%	91.7%	28,700
Vote 12 - Water	43,650	(414)	43,236	42,023	(1,212)	97.2%	96.3%	37,927
Vote 13 - Electricity	67,121	(752)	66,368	64,006	(2,362)	96.4%	95.4%	53,175
Vote 14 - Other	2,738	15	2,753	1,525	(1,228)	55.4%	55.7%	458
Total Expenditure by Vote	**449,331**	**39,617**	**488,948**	**439,390**	**(49,558)**	**89.9%**	**97.8%**	**368,298**
Surplus/(Deficit) for the year	**16,873**	**(712)**	**16,161**	**45,283**	**29,122**	**280.2%**	**268.4%**	**74,029**

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APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
REVENUE AND EXPENDITURE

Description	2015/2016							2014/2015
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue By Source								
Property rates	75,213	–	75,213	76,025	812	101.1%	101.1%	68,637
Property rates - penalties & collection charges	–	–	–	–	–	-	-	–
Service charges	178,274	(1,709)	176,565	176,654	89	100.1%	99.1%	153,817
Rental of facilities and equipment	1,764	(37)	1,726	1,551	(175)	89.8%	87.9%	1,467
Interest earned - external investments	2,606	1,894	4,500	7,323	2,823	162.7%	281.0%	5,134
Interest earned - outstanding debtors	6,804	–	6,804	7,971	1,167	117.2%	117.2%	6,430
Dividends received	–	–	–	–	–	-	-	–
Fines	15,257	10,486	25,743	30,983	5,240	120.4%	203.1%	25,247
Licences and permits	2,603	(20)	2,583	2,274	(308)	88.1%	87.4%	2,561
Agency services	2,478	–	2,478	2,667	189	107.6%	107.6%	2,435
Transfers recognised - operational	136,386	23,937	160,323	128,047	(32,276)	79.9%	93.9%	109,805
Other revenue	3,957	1,927	5,884	17,865	11,981	303.6%	451.5%	5,256
Gains on disposal of PPE	2,247	–	2,247	–	**(2,247)**	-	-	1,867
Total Revenue (excluding capital transfers and contributions)	**427,588**	**36,478**	**464,066**	**451,361**	**(12,705)**	**1272.2%**	**105.6%**	**382,656**
Expenditure By Type								
Employee related costs	153,721	1,646	155,367	154,659	(708)	99.5%	100.6%	138,725
Remuneration of councillors	10,479	(800)	9,679	8,939	(740)	92.4%	85.3%	8,573
Debt impairment	31,745	10,757	42,502	48,811	6,309	114.8%	153.8%	36,926
Depreciation & asset impairment	27,081	5,682	32,763	24,598	(8,164)	75.1%	90.8%	10,941
Finance charges	13,496	–	13,496	14,705	1,209	109.0%	109.0%	13,237
Bulk purchases	62,253	(1,000)	61,253	62,105	852	101.4%	99.8%	54,670
Other materials	–	–	–	–	–	-	-	–
Contracted services	24,388	(1,030)	23,358	20,941	(2,417)	89.7%	85.9%	18,527
Transfers and grants	1,000	500	1,500	1,214	(286)	80.9%	121.4%	1,351
Other expenditure	125,168	23,863	149,031	97,659	(51,372)	65.5%	78.0%	80,572
Loss on disposal of PPE	–	–	–	5,798	5,798	#DIV/0!	#DIV/0!	4,778
Total Expenditure	**449,331**	**39,618**	**488,949**	**439,430**	**(49,519)**	**1234.2%**	**97.8%**	**368,298**
					–	**-**	**-**	
Surplus/(Deficit)	**(21,744)**	**(3,139)**	**(24,883)**	**11,931**	**36,814**	**-47.9%**	**-54.9%**	**14,358**
Transfers recognised - capital	38,617	2,427	41,044	33,353	**(7,691)**	**81.3%**	**86.4%**	59,671
Contributions recognised - capital	–	–	–	–	**–**	**-**	**-**	–
Contributed assets	**–**	**–**	–	–	**–**	**-**	**-**	–
Surplus/(Deficit) for the year	**16,873**	**(712)**	**16,161**	**45,283**	**29,122**	**280.2%**	**268.4%**	**74,029**

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APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2015/2016							2014/2015
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Capital expenditure - Vote					–	-	-	
Multi-year expenditure					–	-	-	
Vote 1 - Executive & Council	–	–	–	–	–	-	-	–
Vote 2 - Finance & Admin	–	–	–	–	–	-	-	–
Vote 3 - Planning & Development	–	–	–	–	–	-	-	–
Vote 4 - Community & Social Services	–	–	–	–	–	-	-	14
Vote 5 - Housing	8,900	2,782	11,682	7,069	(4,613)	60.5%	79.4%	29,555
Vote 6 - Public Safety	–	–	–	–	–	-	-	–
Vote 7 - Sport & Recreation	–	–	–	–	–	-	-	10,303
Vote 8 - Environmental Protection	–	–	–	–	–	-	-	–
Vote 9 - Waste Management	–	–	–	–	–	-	-	–
Vote 10 - Waste Water Management	–	–	–	–	–	-	-	–
Vote 11 - Roads Transport	–	–	–	–	–	-	-	–
Vote 12 - Water	–	–	–	–	–	-	-	–
Vote 13 - Electricity	–	–	–	–	–	-	-	2,342
Vote 14 - Other	–	–	–	–	–	-	-	–
Example 15 - Vote15	–	–	–	–	–	-	-	–
Capital multi-year expenditure	**8,900**	**2,782**	**11,682**	**7,069**	(4,613)	60.5%	79.4%	**42,214**
Single-year expenditure								
Vote 1 - Executive & Council	4,008	3,744	7,752	6,720	(1,033)	86.7%	167.7%	2,095
Vote 2 - Finance & Admin	890	105	995	1,689	694	169.7%	189.7%	484
Vote 3 - Planning & Development	421	(329)	92	295	202	319.1%	70.0%	910
Vote 4 - Community & Social Services	236	1,064	1,300	444	(856)	34.2%	188.5%	167
Vote 5 - Housing	–	–	–	–	–	-	-	–
Vote 6 - Public Safety	258	–	258	223	(35)	86.4%	86.4%	204
Vote 7 - Sport & Recreation	797	3,842	4,639	3,755	(883)	81.0%	471.4%	166
Vote 8 - Environmental Protection	–	–	–	–	–	-	-	–
Vote 9 - Waste Management	3,000	–	3,000	3,000	(0)	100.0%	100.0%	–
Vote 10 - Waste Water Management	22,500	(733)	21,767	18,857	(2,911)	86.6%	83.8%	16,039
Vote 11 - Roads Transport	3,800	129	3,929	3,518	(412)	89.5%	92.6%	3,303
Vote 12 - Water	4,526	6,125	10,652	6,581	(4,071)	61.8%	145.4%	2,526
Vote 13 - Electricity	11,637	2,087	13,724	13,081	(643)	95.3%	112.4%	5,264
Vote 14 - Other	–	–	–	–	–	-	-	–
Example 15 - Vote15	–	–	–	–	–	-	-	–
Capital single-year expenditure	**52,073**	**16,036**	**68,109**	**58,162**	(9,947)	85%	112%	**31,158**
Total Capital Expenditure - Vote	**60,973**	**18,818**	**79,791**	**65,231**	(14,560)	82%	107%	**73,372**
Capital Expenditure - Standard					–	-	-	
Governance and administration	**4,919**	**3,921**	**8,840**	**8,703**	(137)	98.5%	176.9%	**3,331**
Executive and council	1,597	(150)	1,447	1,377	(70)	95.1%	86.2%	1,762
Budget and treasury office	38	–	38	32	(6)	83.8%	83.8%	7
Corporate services	3,284	4,071	7,355	7,294	(60)	99.2%	222.1%	1,563
Community and public safety	**10,190**	**7,688**	**17,878**	**11,491**	(6,387)	64.3%	112.8%	**40,409**
Community and social services	236	1,064	1,300	444	(856)	34.2%	188.5%	181
Sport and recreation	797	3,842	4,639	3,755	(883)	81.0%	471.4%	10,469
Public safety	258	–	258	223	(35)	86.4%	86.4%	204
Housing	8,900	2,782	11,682	7,069	(4,613)	60.5%	79.4%	29,555
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**4,200**	**(271)**	**3,929**	**3,518**	(412)	89.5%	83.8%	**3,461**
Planning and development	400	(400)	–	–	–	-	-	158
Road transport	3,800	129	3,929	3,518	(412)	89.5%	92.6%	3,303
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**41,664**	**7,479**	**49,143**	**41,519**	(7,624)	84.5%	99.7%	**26,171**
Electricity	11,637	2,087	13,724	13,081	(643)	95.3%	112.4%	7,606
Water	4,526	6,125	10,652	6,581	(4,071)	61.8%	145.4%	2,526
Waste water management	22,500	(733)	21,767	18,857	(2,911)	86.6%	83.8%	16,039
Waste management	3,000	–	3,000	3,000	(0)	100.0%	100.0%	–
Total Capital Expenditure - Standard	**60,973**	**18,818**	**79,791**	**65,231**	**(14,560)**	**82%**	**107%**	**73,372**
Funded by:					–	-	-	
National Government	29,717	(665)	29,052	29,331	279	101.0%	98.7%	29,598
Provincial Government	8,900	3,592	12,492	7,379	(5,113)	59.1%	82.9%	30,240
District Municipality	–	–	–	–	–	-	-	–
Other transfers and grants	–	–	–	–	–	-	-	–
Transfers recognised - capital	**38,617**	**2,927**	**41,544**	**36,710**	**(4,834)**	**88%**	**95%**	**59,838**
Public contributions & donations	**–**	**–**	**–**	**–**	–	-	-	–
Borrowing	11,550	763	**12,313**	7,456	(4,857)	60.6%	64.6%	6,687
Internally generated funds	10,806	15,128	**25,934**	21,065	(4,869)	81.2%	194.9%	6,847
Total Capital Funding	**60,973**	**18,818**	**79,791**	**65,231**	**(14,560)**	**82%**	**107%**	**73,372**

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APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
CASH FLOWS

Description	2015/2016							2014/2015
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts					–	-	-	
Ratepayers and other	–	–	–	246,176	246,176	#DIV/0!	#DIV/0!	216,306
Government - operating	136,386	13,849	150,235	79,201	(71,035)	52.7%	58.1%	76,810
Government - capital	38,617	1,171	39,788	76,425	36,637	192.1%	197.9%	108,610
Interest	8,338	2,966	11,304	15,294	3,990	135.3%	183.4%	11,564
Dividends	–	–	–	–	–	-	-	–
Payments					–	-	-	
Suppliers and employees	(368,260)	(48,448)	(416,709)	(343,301)	73,408	82.4%	93.2%	(285,617)
Finance charges	(12,196)	–	(12,196)	(11,206)	990	91.9%	91.9%	(11,877)
Transfers and Grants	(1,000)	(500)	(1,500)	(1,214)	286	80.9%	121.4%	(1,351)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(198,116)**	**(30,961)**	**(229,077)**	**61,375**	**290,453**	**-26.8%**	**-31.0%**	**114,445**
					–	-	-	
CASH FLOWS FROM INVESTING ACTIVITIES					–	-	-	
Receipts					580,905	-	-	
Proceeds on disposal of PPE	2,247	(2,247)	–	–				5,755
Decrease (Increase) in non-current debtors	–	–	–	–				–
Decrease (increase) other non-current receivables	–	7	7	–	(7)	-	-	–
Decrease (increase) in non-current investments	–	9,832	9,832	(894)	(10,726)	-9.1%	#DIV/0!	(9,642)
Payments					–	-	-	
Capital assets	(60,973)	(18,818)	(79,791)	(65,231)	14,560	81.8%	107.0%	(73,384)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(58,726)**	**(11,226)**	**(69,952)**	**(66,125)**	**3,827**	**94.5%**	**112.6%**	**(77,271)**
					–	-	-	
CASH FLOWS FROM FINANCING ACTIVITIES					–	-	-	
Receipts					–	-	-	
Short term loans	–	–	–	–	–	-	-	–
Borrowing long term/refinancing	11,550	3,781	15,331	–	(15,331)	-	-	–
Increase (decrease) in consumer deposits	233	1	234	404	171	173.1%	173.7%	233
Payments					(7,507)	-	-	
Repayment of borrowing	(6,974)	(652)	(7,626)	(7,675)	(49)	100.6%	110.0%	(6,973)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**4,809**	**3,130**	**7,939**	**(7,270)**	**(15,209)**	**-91.6%**	**-151.2%**	**(6,740)**
					–	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD	(252,034)	(39,057)	(291,090)	(12,020)	279,070	4.1%	4.8%	30,435
Cash/cash equivalents at the year begin:	34,859	33,603	68,463	68,463	(0)	100.0%	196.4%	38,028
Cash/cash equivalents at the year end:	22,414	28,514	50,928	56,442	263,861	110.8%	251.8%	68,463

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