

THEEWATERSKLOOF LOCAL MUNICIPALITY



Theewaterskloof Municipality

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2018

THEEWATERSKLOOF LOCAL MUNICIPALITY

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THEEWATERSKLOOF LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

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

LEGAL FORM

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

JURISDICTION

The Theewaterskloof Local Municipality includes the following areas:

Caledon	Greyton
Grabouw	Genadendal
Villiersdorp	Botrivier
Riviersonderend	Tesselaarsdal

MEMBERS OF THE COUNCIL

Ward 1	Mr S Potberg
Ward 2	Mr D du Toit
Ward 3	Mrs J Arendse
Ward 4	Mrs MM Koegelenberg
Ward 5	Mr CM Lamprecht
Ward 6	Mr R Brinkhuys
Ward 7	Mrs PU Stanfliet
Ward 8	Mrs A Mentile
Ward 9	Mr D Jooste
Ward 10	Mrs M Plato-Mentoor
Ward 11	Mrs T Ndlebe
Ward 12	Mr UT Sipunzi
Ward 13	Mr M Bhangazana
Proportional	Mr N Pieterse
Proportional	Mrs C Vosloo
Proportional	Mr I Sileku
Proportional	Mr K Papier
Proportional	Mr C November
Proportional	Mrs T Mangcayi
Proportional	Mr S Fredericks
Proportional	Mr B Tshabe
Proportional	Mrs C Wood
Proportional	Mr H Syster
Proportional	Mr D Appel
Proportional	Mrs R Mienies
Proportional	Mr T Tshungwana
Proportional	Mrs M le Roux

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Mrs C Vosloo
Deputy Executive Mayor	Mr IM Sileku
Executive Councillor	Mrs MM Koegelenberg
Executive Councillor	Mrs J Arendse
Executive Councillor	Mrs PU Stanfliet
Executive Councillor	Mr K Papier
Executive Councillor	Mrs M Plato-Mentoor

MUNICIPAL MANAGER

Mr GF Matthyse	Appointed on 14 March 2018
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THEEWATERSKLOOF LOCAL MUNICIPALITY

GENERAL INFORMATION

SPEAKER

Mr D Du Toit

CHIEF FINANCIAL OFFICER

Mr D Louw

AUDIT COMMITTEE

GN Lawrence

A Pienaar

VW van der Linde

Resigned 19 January 2018

E Lakey

REGISTERED OFFICE

6 Plein Street

Caledon

7230

POSTAL ADDRESS

6 Plein Street

Caledon

7230

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA Bank Limited

ATTORNEYS

Bosman & Smit Pretorius

GJ Claughton

Johnson Attorneys

Guthrie & Theron

Fairbridges Attorneys

Finck Attorneys

DHM Attorneys

Bradley Conradie Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

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

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

National Environmental Management Act

Preferential Procurement Policy Framework Act, 200

Occupational Health and Safety Act

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 1 to 83 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 2019 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 GF Matthyse
Municipal Manager

31 August 2018
Date

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 (Actual)	2017 (Restated)
ASSETS			
Current Assets		133 179 680	114 700 978
Cash and Cash Equivalents	2	63 900 561	64 323 450
Receivables from Exchange Transactions	3	33 606 683	27 672 228
Receivables from Non-Exchange Transactions	4	16 232 180	14 210 572
Unpaid Conditional Government Grants	5	4 625 423	187 475
Taxes	6	8 326 291	2 702 895
Operating Leases	7	533 076	539 922
Current Portion of Long-term Receivables	8	14 744	1 361
Inventory	9	5 940 722	5 063 075
Non-Current Assets		853 114 937	789 587 364
Long-term Receivables	8	12 014	2 847
Investment Property	10	66 447 569	66 767 306
Property, Plant and Equipment	11	766 263 070	700 538 775
Intangible Assets	12	1 243 880	1 406 277
Heritage Assets	13	-	-
Capitalised Restoration Costs	14	6 579 598	9 227 092
Non-current Investments	15	12 568 806	11 645 067
Total Assets		986 294 617	904 288 342
Current Liabilities		91 943 928	81 130 490
Current Portion of Long-term Liabilities	16	7 454 200	8 188 718
Consumer Deposits	17	4 707 519	4 704 759
Payables from exchange transactions	18	41 446 969	39 108 842
Unspent Conditional Government Grants	19	17 097 285	9 127 652
Unspent Public Contributions	20	421 637	306 005
Current Employee benefits	21	20 816 318	19 694 515
Non-Current Liabilities		213 754 702	211 827 199
Long-term Liabilities	16	79 745 589	87 200 353
Employee benefits	22	50 077 873	47 397 260
Non-Current Provisions	23	83 931 240	77 229 586
Total Liabilities		305 698 630	292 957 689
NET ASSETS		680 595 987	611 330 653
COMMUNITY WEALTH			
Accumulated Surplus		668 170 634	597 945 083
Reserves	24	12 425 354	13 385 570
		680 595 987	611 330 653

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		301 020 731	259 203 402
Taxation Revenue		98 396 554	85 872 817
Property Rates	25	98 396 554	85 872 817
Transfer Revenue		148 364 617	134 604 041
Government Grants and Subsidies - Operating	26	96 988 944	95 241 128
Government Grants and Subsidies - Capital	26	50 145 492	38 415 910
Public Contributions and Donations	27	1 230 181	947 003
Other Revenue		54 259 560	38 726 544
Insurance Refund		1 273 419	1 632 345
Fines, Penalties and Forfeits	28	48 988 804	30 974 391
Actuarial Gains	29	3 725 580	5 950 158
Reversal of Impairments	30	-	22 601
Contributed Assets	31	271 756	147 049
REVENUE FROM EXCHANGE TRANSACTIONS		232 817 548	223 649 668
Operating Activities		232 817 548	223 649 668
Service Charges	32	202 204 928	192 809 663
Rental of Facilities and Equipment	33	1 842 854	1 657 968
Interest Earned - External Investments		8 157 487	7 323 159
Interest Earned - Outstanding Debtors		10 339 844	9 868 219
Agency Services	34	5 357 963	5 628 583
Licences and Permits	35	31 176	68 467
Other Income	36	4 883 297	5 996 825
Gain on disposal of Non-Monetary Assets	49	-	296 784
TOTAL REVENUE		533 838 278	482 853 070
EXPENDITURE			
Employee Related Costs	37	181 044 060	162 337 336
Remuneration of Councillors	38	11 538 787	9 986 691
Debt Impairment	39	81 973 432	60 300 033
Depreciation and Amortisation	40	23 581 613	28 836 896
Impairment	41	540 087	-
Repairs and Maintenance	42	20 647 338	27 370 044
Actuarial Losses	43	368 790	-
Finance Charges	44	19 009 684	19 629 044
Bulk Purchases	45	67 091 482	67 125 660
Contracted Services	46	23 686 752	21 082 635
Transfers and Grants	47	2 377 804	2 285 090
Other Expenditure	48	30 354 142	40 340 752
Loss on disposal of Non-Monetary Assets	49	2 358 925	-
TOTAL EXPENDITURE		464 572 898	439 294 180
NET SURPLUS FOR THE YEAR		69 265 380	43 558 890

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2018

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2016 - Previously Reported	8 599 462	571 827 233	580 426 695
Correction of error restatement - refer to note 50.5	-	(12 654 933)	(12 654 933)
Balance on 30 June 2016 - Restated	8 599 462	559 172 301	567 771 762
Net Surplus for the year	-	43 558 890	43 558 890
Property, Plant and Equipment purchased	(4 372 986)	4 372 986	-
Transfer to Capital Replacement Reserve	9 159 094	(9 159 094)	-
Balance on 30 June 2017 - Restated	13 385 569	597 945 083	611 330 652
Net Surplus for the year	-	69 265 335	69 265 335
Property, Plant and Equipment purchased	(2 725 262)	2 725 262	-
Transfer to Capital Replacement Reserve	1 765 046	(1 765 046)	-
Balance on 30 June 2018	12 425 353	668 170 634	680 595 987

THEEWATERSKLOOF LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		93 424 697	79 639 759
Service Charges and Interest on outstanding Debtors		166 984 974	166 551 831
Other Revenue		18 444 033	30 544 184
Government Grants		150 666 120	137 391 864
Investment Income		8 157 487	7 323 159
Payments			
Suppliers and employees		(330 388 585)	(331 849 125)
Finance charges		(9 576 269)	(10 335 889)
Transfer and Grants		(2 377 804)	(2 285 090)
NET CASH FROM OPERATING ACTIVITIES	52	95 334 652	76 980 693
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		295 000	1 908 478
Payments			
Purchase of Property, Plant and Equipment		(86 942 234)	(63 010 433)
Purchase of Intangible Assets		-	-
Increase in Non-current Investments		(923 739)	(918 940)
NET CASH USED INVESTING ACTIVITIES		(87 570 973)	(62 020 895)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		-	-
Increase in Consumer Deposits		2 714	407 331
Payments			
Loans repaid		(8 189 282)	(7 486 149)
NET CASH USED FINANCING ACTIVITIES		(8 186 568)	(7 078 818)
NET INCREASE/(DECREASE) IN CASH HELD		(422 889)	7 880 980
Cash and Cash Equivalents at the beginning of the year		64 323 450	56 442 470
Cash and Cash Equivalents at the end of the year		63 900 561	64 323 450

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	2 206 669	7 370 909	9 577 578	23 245 317	13 667 739
Call investment deposits	40 000 000	(7 966 741)	32 033 259	40 655 244	8 621 985
Consumer debtors	50 737 225	(7 643 430)	43 093 795	38 795 407	(4 298 388)
Other Receivables	3 191 151	14 704 681	17 895 832	24 528 247	6 632 415
Current portion of long-term receivables	750	611	1 361	14 744	13 384
Inventory	5 739 461	(676 386)	5 063 075	5 940 722	877 647
Total current assets	101 875 256	5 789 643	107 664 899	133 179 681	25 514 782
Non current assets					
Long-term receivables	2 137	(651)	1 486	12 014	10 528
Investments	10 726 127	918 940	11 645 067	12 568 806	923 739
Investment property	59 039 535	7 166 552	66 206 087	66 447 569	241 482
Property, plant and equipment	812 583 078	5 423 653	818 006 731	772 842 669	(45 164 063)
Intangible Assets	1 473 123	(148 455)	1 324 668	1 243 880	(80 788)
Total non current assets	883 823 999	13 360 039	897 184 039	853 114 937	(44 069 101)
TOTAL ASSETS	985 699 256	19 149 682	1 004 848 938	986 294 618	(18 554 320)
LIABILITIES					
Current liabilities					
Borrowing	9 812 802	469 386	10 282 188	7 454 200	(2 827 988)
Consumer deposits	4 828 594	-	4 828 594	4 707 519	(121 075)
Trade and other payables	57 538 369	(5 768 073)	51 770 296	58 965 891	7 195 595
Provisions and Employee Benefits	49 302 879	(28 426 693)	20 876 186	20 816 318	(59 867)
Total current liabilities	121 482 644	(33 725 380)	87 757 263	91 943 928	4 186 664
Non current liabilities					
Borrowing	122 557 701	(13 064 316)	109 493 385	79 745 589	(29 747 796)
Provisions and Employee Benefits	99 728 458	18 098 683	117 827 141	134 009 113	16 181 972
Total non current liabilities	222 286 159	5 034 367	227 320 526	213 754 702	(13 565 824)
TOTAL LIABILITIES	343 768 803	(28 691 014)	315 077 789	305 698 630	(9 379 159)
NET ASSETS	641 930 453	47 840 696	689 771 149	680 595 988	(9 175 160)
COMMUNITY WEALTH					
Accumulated Surplus	637 061 973	39 323 606	676 385 579	668 170 634	(8 214 945)
Reserves	4 868 480	8 517 090	13 385 570	12 425 355	(960 214)
TOTAL COMMUNITY WEALTH/EQUITY	641 930 453	47 840 696	689 771 149	680 595 988	(9 175 160)

Refer to note 54.2 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property Rates	94 232 677	-	94 232 677	98 396 554	4 163 877
Service Charges - Electricity Revenue	82 544 155	-	82 544 155	80 215 711	(2 328 444)
Service Charges - Water Revenue	55 915 681	3 700 000	59 615 681	64 489 543	4 873 862
Service Charges - Sanitation Revenue	29 771 012	(700 000)	29 071 012	27 552 963	(1 518 049)
Service Charges - Refuse Revenue	29 776 405	(1 000 000)	28 776 405	29 946 711	1 170 306
Rental of Facilities and Equipment	1 920 000	-	1 920 000	1 842 854	(77 146)
Interest Earned - External Investments	5 500 000	310 000	5 810 000	8 157 487	2 347 487
Interest Earned - Outstanding Debtors	8 000 000	(1 699 999)	6 300 001	10 339 844	4 039 843
Fines	30 301 000	-	30 301 000	48 988 804	18 687 804
Licences and Permits	55 000	-	55 000	31 176	(23 824)
Agency Services	5 798 480	-	5 798 480	5 357 963	(440 518)
Transfers Recognised - Operational	129 296 316	7 502 661	136 798 977	96 988 944	(39 810 033)
Other Revenue	5 769 994	1 814 005	7 583 999	11 112 477	3 528 478
Gain on Disposal of PPE	500 000	-	500 000	-	(500 000)
Total Revenue (excluding capital transfers)	479 380 720	9 926 667	489 307 387	483 421 030	(5 886 357)
EXPENDITURE					
Employee Related Costs	186 962 987	(4 747 468)	182 215 519	181 044 060	(1 171 459)
Remuneration of Councillors	11 649 725	(21 978)	11 627 747	11 538 787	(88 960)
Debt Impairment	50 265 000	27 100 000	77 365 000	81 973 432	4 608 432
Depreciation and Asset Impairment	28 301 798	(5 000 000)	23 301 798	24 121 700	819 902
Finance Charges	20 105 251	-	20 105 251	19 009 684	(1 095 567)
Bulk Purchases	68 205 658	-	68 205 658	67 091 482	(1 114 176)
Other material	54 531 624	(21 947 954)	32 583 670	20 647 338	(11 936 333)
Contracted Services	37 129 838	12 275 406	49 405 244	23 686 752	(25 718 492)
Transfers and Grants	110 000	30 000	140 000	2 377 804	2 237 804
Other Expenditure	41 568 818	2 042 314	43 611 132	30 722 932	(12 888 200)
Loss on Disposal of PPE	-	-	-	2 358 925	2 358 925
Total Expenditure	498 830 699	9 730 320	508 561 019	464 572 898	(43 988 121)
Surplus/(Deficit)	(19 449 979)	196 347	(19 253 632)	18 848 132	38 101 764
Transfers Recognised - Capital	61 804 684	13 030 998	74 835 682	50 145 492	(24 690 190)
Contributed Assets	-	4 470 435	4 470 435	271 756	(4 198 679)
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 380	9 212 895

Refer to note 54.3 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	84 809 410	(3 214 013)	81 595 396	93 424 697	11 829 300
Service charges	178 206 527	(5 021 687)	173 184 840	166 984 974	(6 199 866)
Other revenue	20 209 694	(188 180)	20 021 514	18 444 033	(1 577 481)
Government	191 101 000	16 156 735	207 257 735	150 666 120	(56 591 615)
Interest	9 500 000	1 765 125	11 265 125	8 157 487	(3 107 638)
Payments					
Suppliers and Employees	(393 453 847)	(6 644 233)	(400 098 080)	(330 388 585)	69 709 496
Finance Charges	(10 526 535)	-	(10 526 535)	(9 576 269)	950 266
Transfers and Grants	(110 000)	(30 000)	(140 000)	(2 377 804)	(2 237 804)
Net Cash from/(used) Operating Activities	79 736 248	2 823 746	82 559 994	95 334 652	12 774 658
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	500 000	-	500 000	295 000	(205 000)
Decrease/(Increase) in Other Non-Current Receivables	1 321	40	1 361	(923 739)	(925 100)
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital Assets	(108 936 201)	(21 348 104)	(130 284 305)	(86 942 234)	43 342 071
Net Cash from/(used) Investing Activities	(108 434 880)	(21 348 064)	(129 782 944)	(87 570 973)	42 211 971
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	32 244 201	(212 449)	32 031 752	-	(32 031 752)
Increase/(Decrease) in Consumer Deposits	273 317	(149 483)	123 834	2 714	(121 120)
Payments					
Repayment of Borrowing	(8 101 560)	456 311	(7 645 249)	(8 189 282)	(544 032)
Net Cash from/(used) Financing Activities	24 415 958	94 379	24 510 337	(8 186 568)	(32 696 905)
NET INCREASE/(DECREASE) IN CASH HELD	(4 282 674)	(18 429 939)	(22 712 613)	(422 889)	22 289 724
Cash and Cash Equivalents at the year begin	46 489 343	17 834 107	64 323 450	64 323 450	-
Cash and Cash Equivalents at the year end	42 206 669	(595 832)	41 610 837	63 900 561	22 289 724

Refer to note 54.4 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

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

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

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

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

1.02 TRANSITIONAL PROVISIONS

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

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

1.03 PRESENTATION CURRENCY

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

1.04 GOING CONCERN ASSUMPTION

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

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

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

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

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

1.05.2 Amended Accounting Policies

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

No significant amendments were made to the accounting policy in the current year.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.06 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.

1.07 BUDGET INFORMATION

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

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

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

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

1.08.1 Effective dates determined

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

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

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

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

Standard	Description	Effective Date
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2017)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality 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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The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which were issued but are not yet effective:

1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

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

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

1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

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

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

1.08.1.3 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

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

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

1.08.1.4 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

1.08.1.5 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

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

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

1.08.1.6 Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

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

1.08.1.7 Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

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

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1.08.2 Effective dates not yet determined

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

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

1.08.2.1 GRAP 34 - Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.2.2 GRAP 35 - Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.08.2.3 GRAP 36 - Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.2.4 GRAP 37 - Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.08.2.5 GRAP 38 - Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

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1.09 RESERVES

1.09.1 Capital Replacement Reserve (CRR)

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

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

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

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

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

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

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

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

1.10.2 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.

1.10.3 Depreciation – Cost Model

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

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

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

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

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

	YEARS
Buildings	20 - 100

1.10.4 Impairment

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

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

1.10.5 Derecognition

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

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

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

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

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

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

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

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

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

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

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

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1.11.2 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.

1.11.3 Depreciation

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

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

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

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

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

	YEARS		YEARS
Land and Buildings		Leased Assets	
Land	N/A	Office Equipment	3 - 15
Buildings	20 - 100		
Work in progress	N/A	Other Assets	
		Vehicles	5 - 30
Infrastructure		Tools & Equipment	5 - 35
Roads and Storm water	5 - 150	Furniture	5 - 20
Electricity Network	10 - 100	Special Vehicles	10 - 35
Sewerage Network	10 - 200	Tables	5 - 20
Water Network	10 - 200	Chairs	5 - 20
Refuse Removal	20 - 50	Office Equipment	3 - 15
Work in progress	N/A	Computer Hardware	3 - 15
		Other	15
Community Assets			
Parks and Gardens	15 - 20		
Cemeteries	30		

1.11.4 Impairment

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

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

1.11.5 Derecognition

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

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

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

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1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

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

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

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

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

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

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

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

1.12.2 Subsequent Measurement - Cost Model

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

1.12.3 Amortisation

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

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

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

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

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

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

	Years
Computer Software	3 - 15

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1.12.4 Impairment

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

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

1.12.5 Derecognition

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

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

1.13 HERITAGE ASSETS

1.13.1 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 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.

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

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

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

1.13.2 Subsequent Measurement – Cost Model

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

1.13.3 Depreciation

Heritage assets are not depreciated.

1.13.4 Impairment

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.

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1.13.5 Derecognition

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.

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

1.14 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

1.14.1 Recoverable amount of Cash-generating assets

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

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

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

1.14.2 Recoverable amount of Non-cash-generating assets

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

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

1.14.3 Impairment loss

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

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

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

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

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1.14.4 Reversal of an impairment loss

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

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

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

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

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

1.15 INVENTORIES

1.15.1 Initial Recognition

Inventories are assets:

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

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

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

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

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.15.2 Subsequent Measurement

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

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

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

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

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

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

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

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

1.16 EMPLOYEE BENEFITS

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

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

1.16.1 Post-Retirement Benefits

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

1.16.1.1 Multi-employer defined benefit plans

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

1.16.1.2 Post Retirement Medical Benefits

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. The plan is unfunded.

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

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

1.16.2 Long-term Benefits

1.16.2.1 Long Service Awards

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

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

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1.16.3 Short-term Benefits

1.16.3.1 Staff Leave

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

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

1.16.3.2 Bonuses

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

1.16.3.3 Provision for Performance Bonuses

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

1.16.3.4 Other Short-term Employee Benefits

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:

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

1.17 PROVISIONS

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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.

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

1.18 LEASES

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

1.18.1 Municipality as Lessee

1.18.1.1 Finance Leases

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

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

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

1.18.1.2 Operating leases

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

1.18.2 Municipality as Lessor

1.18.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (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 asset (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 in the Statement of Financial Performance.

1.18.2.2 Operating Leases

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

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.19 FINANCIAL INSTRUMENTS

1.19.1 Initial Recognition

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

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

1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

1.19.3 Impairment and uncollectability of financial assets

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

1.19.3.1 Financial assets measured at amortised cost

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

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

1.19.3.2 Financial assets measured at cost

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.19.4 Derecognition of financial instruments

1.19.4.1 Financial assets

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

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

1.19.4.2 Financial liabilities

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

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

1.19.5 Offsetting of financial instruments

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

1.20 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.

1.20.1 Initial Recognition

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

1.20.2 Subsequent Measurement

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

1.20.3 Impairment and uncollectability of statutory receivables

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

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.20.4 Derecognition

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

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

1.21 CASH AND CASH EQUIVALENTS

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

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

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

1.22 RECEIVABLES

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

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

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

1.23 TAXES (VALUE ADDED TAX)

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

1.24 NON-CURRENT INVESTMENTS

Investments which include investments in listed shares and fixed deposits invested in registered commercial banks.

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.

1.25 PAYABLES AND ANNUITY LOANS

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

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.26 CONSUMER DEPOSITS

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

1.27 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

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

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

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

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

1.28 REVENUE

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

1.28.1 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.

1.28.1.1 Taxation Revenue

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

1.28.1.2 Transfer Revenue

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.28.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. Any fine reductions or cancellations subsequent to the fine issue date is recorded as a write-off against the provision raised for debt impairment.

1.28.1.4 Insurance Refunds

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

1.28.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise 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.

1.28.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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

1.28.1.7 Services in-kind

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

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

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

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

1.28.1.8 Contributed Assets

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

1.28.2 Revenue from Exchange Transactions

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

1.28.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

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

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

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

1.28.2.2 *Interest earned*

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

1.28.2.3 *Rental income*

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

1.28.2.4 *Income from Agency Services*

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

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

1.28.2.5 *Other Tariffs*

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

1.28.2.6 *Sale of goods*

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

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

1.28.2.7 *Deferred payment*

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

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

1.29 **BORROWING COSTS**

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

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1.30 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.

1.31 IRREGULAR EXPENDITURE

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

1.32 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.

1.33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

1.34 CAPITAL COMMITMENTS

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

1.35 EVENTS AFTER REPORTING DATE

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

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

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

THEEWATERSKLOOF LOCAL MUNICIPALITY

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1.36 RELATED PARTIES

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

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

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

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

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

1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

1.37.1 Application of Directive 7

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

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

For deemed cost applied to 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.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.37.2 Impairment of Receivables

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

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1.37.3 Useful lives and residual values

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

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

1.37.4 Impairment of non-monetary assets

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

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

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

1.37.5 Post-Retirement and Long-term Benefits

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

1.37.6 Provisions and Contingent Liabilities

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

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

1.37.7 Financial assets and liabilities

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

1.37.8 Revenue Recognition

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

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

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CASH AND CASH EQUIVALENTS

Bank Accounts	23 234 967	26 279 841
Call Investment Deposits	40 655 244	38 033 259
Cash Floats	10 350	10 350

Total	63 900 561	64 323 450
--------------	-------------------	-------------------

Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	17 097 285	9 127 652
Unspent Public Contributions	421 637	306 005
Capital Replacement Reserve	12 425 354	13 385 570
Working Capital Requirements	33 956 286	41 504 223

Total Cash and Cash Equivalents	63 900 561	64 323 450
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Bank Accounts

ABSA Bank Limited - Account Number 40-5786-6237 (Primary Bank Account)	23 234 967	26 279 841
ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)	-	-
ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)	-	-

Total	23 234 967	26 279 841
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ABSA Bank Limited - Account Number 40-5786-6237 (Primary Bank Account)

Cash book balance at beginning of year	26 279 841	17 743 217
Cash book balance at end of year	23 234 967	26 279 841
Bank statement balance at beginning of year	60 434 220	10 871 548
Bank statement balance at end of year	22 993 423	60 434 220

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

ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Income account is cleared daily to Primary Bank Account.

ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Traffic account is cleared daily to Primary Bank Account.

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2 CASH AND CASH EQUIVALENTS (CONTINUED)

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Interneuron Capital Ltd	- Notice deposit	- Account number CA 002	430 224	430 224
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5651	11 176 363	10 449 831
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5415	22 834 800	21 350 398
ABSA Bank Limited	- Notice deposit	- Account number 90-9522-5460	6 644 081	6 233 030
			41 085 468	38 463 483
Less: Provision for Impairment			(430 224)	(430 224)
Total			40 655 244	38 033 259

An amount of R 430 224 (2017: 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.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity
Water
Refuse
Sewerage
Other

156 581 044

130 937 638

8 113 594	6 866 820
44 168 633	36 635 667
36 472 345	31 967 921
33 040 250	29 526 723
34 786 223	25 940 508

Other Receivables

Prepayments

3 324 464

2 630 892

Total Gross Balance

159 905 508

133 568 530

Less: Allowance for Debt Impairment

(126 298 825)

(105 896 302)

Total Net Receivable

33 606 683

27 672 228

As previously reported

22 168 670

Correction of error restatement - note 50.1

5 503 558

Restated balance

27 672 228

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. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	105 896 302	90 450 330
Movement in the contribution to the provision	41 243 198	29 324 394
Bad Debts Written off	(22 620 693)	(13 458 813)
Transfer to long-term receivables	1 780 018	(419 610)
Balance at the end of the year	126 298 825	105 896 302

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

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2018			
Service Receivables			
Electricity	8 113 594	(1 864 826)	6 248 768
Water	44 168 633	(33 013 334)	11 155 298
Refuse	36 472 345	(32 874 775)	3 597 570
Sewerage	33 040 250	(26 617 464)	6 422 786
Other	34 786 223	(31 928 426)	2 857 797
Other Receivables			
Prepayments	3 324 465	-	3 324 465
Total	159 905 509	(126 298 825)	33 606 683
30 June 2017			
Service Receivables			
Electricity	6 866 820	(1 315 710)	5 551 110
Water	36 635 667	(25 968 192)	10 667 475
Refuse	31 967 921	(28 665 901)	3 302 021
Sewerage	29 526 723	(24 005 992)	5 520 731
Other	25 940 508	(25 940 508)	-
Other Receivables			
Prepayments	2 630 892	-	2 630 892
Total	133 568 530	(105 896 302)	27 672 228
Ageing of Receivables from Exchange Transactions			
Electricity			
Current (0 - 30 days)		5 253 743	5 089 146
1 to 3 months		1 767 716	1 089 436
Longer than 3 months		1 092 135	688 238
Total		8 113 594	6 866 820
Water			
Current (0 - 30 days)		8 985 489	9 292 321
1 to 3 months		6 545 420	2 837 384
Longer than 3 months		28 637 723	24 505 961
Total		44 168 633	36 635 667
Refuse			
Current (0 - 30 days)		2 690 812	2 342 418
1 to 3 months		4 195 263	2 470 856
Longer than 3 months		29 586 270	27 154 647
Total		36 472 345	31 967 921
Sewerage			
Current (0 - 30 days)		4 939 263	4 870 932
1 to 3 months		4 252 267	2 028 213
Longer than 3 months		23 848 720	22 627 578
Total		33 040 250	29 526 723
Other			
Current (0 - 30 days)		1 868 149	725 056
1 to 3 months		3 893 364	1 792 321
Longer than 3 months		29 024 710	23 423 130
Total		34 786 223	25 940 508
Summary Ageing of all Receivables from Exchange Transactions			
Current (0 - 30 days)		23 737 457	22 319 873
1 to 3 months		20 654 030	10 218 210
Longer than 3 months		112 189 557	98 399 555
Total		156 581 044	130 937 638

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RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Property Rates

35 959 273

32 171 826

Other Receivables

56 064 635

36 518 806

Unpaid Traffic Fines

55 105 850

35 579 345

Suspense Debtors

958 785

939 461

Total Gross Balance

92 023 908

68 690 632

Less: Allowance for Debt Impairment

(75 791 728)

(54 480 060)

Total Net Receivable

16 232 180

14 210 572

As previously reported

19 714 130

Correction of error restatement - note 50.1

(5 503 558)

Restated balance

14 210 572

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. 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. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

54 480 060

49 266 807

Movement in the contribution to the provision

42 072 859

32 463 771

Bad Debts Written off

(21 708 025)

(27 251 189)

Transfer to long-term receivables

946 834

671

Balance at the end of the year

75 791 728

54 480 060

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

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2018			
Service Receivables			
Property Rates	35 959 273	(27 446 085)	8 513 188
Other Receivables			
Unpaid Traffic Fines	55 105 850	(48 345 642)	6 760 207
Suspense Debtors	958 785	-	958 785
Total	92 023 908	(75 791 728)	16 232 180
30 June 2017			
Service Receivables			
Property Rates	32 171 826	(24 643 756)	7 528 069
Other Receivables			
Unpaid Traffic Fines	35 579 345	(29 836 303)	5 743 042
Suspense Debtors	939 461	-	939 461
Total	68 690 632	(54 480 060)	14 210 572

THE WATERSKLOOF LOCAL MUNICIPALITY

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Non-Exchange Transactions

Property Rates

Current (0 - 30 days)	6 135 822	5 753 901
1 to 3 months	4 846 376	2 287 528
Longer than 3 months	24 977 075	24 130 396
Total	35 959 273	32 171 826

5 UNPAID CONDITIONAL GOVERNMENT GRANTS

National Government Grants	4 625 423	-
Provincial Government Grants	-	34 710
Other Grant Providers	-	152 765
Total	4 625 423	187 475

Detail reconciliations of all grants received and grant conditions met are included in note 26.

6 TAXES

VAT Receivable	8 326 291	2 702 895
VAT Payable prior to Allowance for Debt Impairment	(3 432 300)	(7 713 070)
Less: VAT on Allowance for Debt Impairment	11 758 591	10 415 965
Total	8 326 291	2 702 895

Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	10 415 965	8 927 834
Debt Impairment for current year	1 342 625	1 488 132
Balance at the end of the year	11 758 591	10 415 965

7 OPERATING LEASES

7.1 OPERATING LEASE ASSET

Operating Lease Asset	533 076	539 922
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The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset

Balance at the beginning of the year	539 922	540 944
Movement during the year	(6 846)	(1 022)
Balance at the end of the year	533 076	539 922

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

Within 1 Year	609 027	784 740
Between 1 and 5 Years	913 867	1 425 078
After 5 Years	1 770 384	1 868 199
Total operating lease payments	3 293 277	4 078 016

The prior year's total lease payments indicated an amount of R4 781 987. This amount has been restated to R4 078 016 due to minor calculation errors, duplications and omissions.

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 Municipality leases a number of land and buildings for periods ranging from 2 to 99 years with escalations of between 1% and 12% per annum.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

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LONG-TERM RECEIVABLES

Receivables with repayment arrangements	23 911	5 828 755
Individual Housing Loans	2 847	4 208
Sub-Total	26 759	5 832 963
Less: Current portion of Long-term Receivables	(14 744)	(3 103 264)
Receivables with repayment arrangements	(13 384)	(3 101 903)
Individual Housing Loans	(1 361)	(1 361)
Total Gross Balance	12 014	2 729 699
Less: Allowance for Debt Impairment	-	(2 726 852)
Total	12 014	2 847

Receivables with repayment arrangements

Debtors amounting to R23 911 (2017 - R5 828 755) have arranged to settle their account over an re-negotiated period. Total payments to the value of R13 174 (2017 - R2 726 852) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Individual Housing Loans

Housing loans are not currently 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.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	2 726 852	2 307 913
Transfer from Receivables from Exchange Transactions	(1 780 018)	419 610
Transfer from Receivables from Non-Exchange Transactions	(946 834)	(671)
Balance at the end of the year	-	2 726 852

The allowance for impairment of long-term receivables has been made for all consumer balances subject to repayment arrangements, due to the low level of repayment.

9

INVENTORY

Maintenance Materials	5 386 995	4 574 662
Water	553 727	488 413
Total	5 940 722	5 063 075

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

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	27 020	17 910
Inventory recognised as an expense during the year	8 716 208	8 716 208

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INVESTMENT PROPERTY

Investment Property - Carrying Value

66 447 569

66 767 306

The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value

66 767 306

67 514 279

Cost

71 328 936

72 144 156

Accumulated Depreciation

(630 274)

(569 202)

Accumulated Impairment

(3 931 356)

(4 060 675)

Disposals

(258 882)

(685 901)

Cost

(258 882)

(815 220)

Accumulated Depreciation

-

-

Accumulated Impairment

-

129 319

Depreciation

(60 855)

(61 072)

Closing Carrying Value

66 447 569

66 767 306

Cost

71 070 054

71 328 936

Accumulated Depreciation

(691 129)

(630 274)

Accumulated Impairment

(3 931 356)

(3 931 356)

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

1 587 216

1 413 713

Repairs and maintenance incurred on Investment Properties

Revenue generating properties

-

169 676

Non-revenue generating properties

-

-

Total Repairs and Maintenance

-

169 676

11

PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2018				
Land and Buildings	104 706 771	(4 297 980)	(5 595 547)	94 813 244
Infrastructure	762 974 592	(128 635 908)	-	634 338 685
Community Assets	763 623	(407 223)	-	356 401
Leased Assets	564 037	(484 304)	-	79 733
Other Assets	54 739 318	(18 064 310)	-	36 675 008
Total	923 748 341	(151 889 724)	(5 595 547)	766 263 070
30 June 2017				
Land and Buildings	104 964 993	(3 731 467)	(5 245 710)	95 987 816
Infrastructure	682 853 845	(113 622 678)	-	569 231 167
Community Assets	763 623	(383 843)	-	379 780
Leased Assets	572 037	(411 794)	-	160 243
Other Assets	50 623 577	(15 843 808)	-	34 779 770
Total	839 778 075	(133 993 590)	(5 245 710)	700 538 775
As previously reported				706 154 304
Correction of error restatement - note 50.2				(5 615 529)
Restated balance				700 538 775

The leased property, plant and equipment and the buildings are secured as set out in note 16.

Repairs and maintenance pertaining to Property, Plant and Equipment is disclosed in note 42.

The reconciliation of the carrying value of Property, Plant and Equipment is disclosed on the following page:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value

30 June 2018

	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	104 964 993	547 213	(895 435)	90 000	-	104 706 771	8 977 177	566 513	349 837	-	9 893 527	94 813 244
Land	41 089 609	-	(895 435)	90 000	-	40 284 175	5 245 710	-	-	-	5 245 710	35 038 465
Buildings	60 411 379	-	-	-	1 697 193	62 108 572	3 731 467	566 513	349 837	-	4 647 817	57 460 755
Work in progress	3 464 005	547 213	-	-	(1 697 193)	2 314 025	-	-	-	-	-	2 314 025
Infrastructure	682 853 845	80 120 748	-	-	-	762 974 592	113 622 678	15 013 230	-	-	128 635 908	634 338 685
Roads and Storm water	202 192 659	-	-	-	8 092 433	210 285 092	47 884 992	5 515 281	-	-	53 400 273	156 884 819
Electricity Network	81 520 182	-	-	-	14 182 552	95 702 734	13 538 073	1 843 485	-	-	15 381 558	80 321 176
Sewerage Network	179 179 434	-	-	-	10 096 143	189 275 577	22 702 992	4 399 732	-	-	27 102 725	162 172 853
Water Network	141 988 651	-	-	-	24 569 054	166 557 705	29 299 280	3 083 296	-	-	32 382 576	134 175 129
Refuse Removal	5 966 816	-	-	-	-	5 966 816	197 341	171 435	-	-	368 776	5 598 039
Work in progress	72 006 103	80 120 748	-	-	(56 940 182)	95 186 669	-	-	-	-	-	95 186 669
Community Assets	763 623	-	-	-	-	763 623	383 843	23 379	-	-	407 223	356 400
Parks and Gardens	561 924	-	-	-	-	561 924	182 144	23 379	-	-	205 524	356 400
Cemeteries	201 699	-	-	-	-	201 699	201 699	-	-	-	201 699	-
Leased Assets	572 037	-	(8 000)	-	-	564 037	411 794	80 155	-	(7 645)	484 304	79 733
Office Equipment	572 037	-	(8 000)	-	-	564 037	411 794	80 155	-	(7 645)	484 304	79 733
Other Assets	50 623 577	6 274 273	(2 340 289)	181 756	-	54 739 318	15 843 808	3 061 538	-	(841 036)	18 064 310	36 675 008
Vehicles	4 817 147	161 300	(269 304)	-	-	4 709 144	1 191 296	322 670	-	(39 233)	1 474 734	3 234 410
Tools & Equipment	8 919 717	819 685	(1 210 183)	-	-	8 529 220	3 939 502	595 767	-	(559 566)	3 975 703	4 553 517
Furniture	2 243 701	124 944	(50 829)	-	-	2 317 817	867 097	159 489	-	(21 223)	1 005 363	1 312 454
Special Vehicles	24 665 127	4 210 106	(605 850)	-	-	28 269 382	5 924 237	1 237 015	-	(145 662)	7 015 589	21 253 793
Tables	521 603	-	(8 437)	-	-	513 166	235 687	26 357	-	(3 183)	258 861	254 305
Chairs	1 025 216	-	(24 438)	-	-	1 000 779	422 551	60 920	-	(14 668)	468 802	531 976
Office Equipment	2 992 707	386 460	(77 598)	5 900	-	3 307 469	1 450 806	201 023	-	(25 516)	1 626 313	1 681 156
Computer Hardware	5 100 959	571 778	(47 143)	175 856	-	5 801 450	1 708 378	438 194	-	(24 290)	2 122 281	3 679 169
Other	337 401	-	(46 508)	-	-	290 892	104 254	20 105	-	(7 695)	116 664	174 228
	839 778 075	86 942 234	(3 243 724)	271 756	-	923 748 341	139 239 300	18 744 815	349 837	(848 681)	157 485 271	766 263 070

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value (Restated)
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
30 June 2017												
Land and Buildings	103 114 711	1 850 282	-	-	-	104 964 993	8 373 063	604 114	-	-	8 977 177	95 987 816
Land	41 089 609	-	-	-	-	41 089 609	5 245 710	-	-	-	5 245 710	35 843 899
Buildings	60 411 379	-	-	-	-	60 411 379	3 127 353	604 114	-	-	3 731 467	56 679 912
Work in progress	1 613 723	1 850 282	-	-	-	3 464 005	-	-	-	-	-	3 464 005
Infrastructure	625 897 034	56 956 810	-	-	-	682 853 845	96 824 019	16 798 659	-	-	113 622 678	569 231 167
Roads and Storm water	126 911 151	-	-	-	75 281 508	202 192 659	39 763 360	8 121 631	-	-	47 884 992	154 307 668
Electricity Network	66 887 875	-	-	-	14 632 307	81 520 182	11 887 857	1 650 216	-	-	13 538 073	67 982 109
Sewerage Network	139 533 241	-	-	-	39 646 193	179 179 434	18 791 866	3 911 127	-	-	22 702 992	156 476 442
Water Network	127 866 524	-	-	-	14 122 127	141 988 651	26 209 600	3 089 680	-	-	29 299 280	112 689 372
Refuse Removal	383 782	-	-	-	5 583 033	5 966 816	171 337	26 004	-	-	197 341	5 769 475
Work in progress	164 314 460	56 956 810	-	-	(149 265 168)	72 006 103	-	-	-	-	-	72 006 103
Community Assets	763 623	-	-	-	-	763 623	290 694	93 149	-	-	383 843	379 780
Parks and Gardens	561 924	-	-	-	-	561 924	156 231	25 913	-	-	182 144	379 779
Cemeteries	201 699	-	-	-	-	201 699	134 463	67 236	-	-	201 699	0
Lease Assets	581 077	-	(9 040)	-	-	572 037	245 080	172 105	-	(5 391)	411 794	160 243
Office Equipment	581 077	-	(9 040)	-	-	572 037	245 080	172 105	-	(5 391)	411 794	160 243
Other Assets	48 070 322	4 203 341	(1 797 134)	147 049	-	50 623 577	14 360 480	2 358 317	-	(874 990)	15 843 808	34 779 770
Vehicles	4 440 640	376 507	-	-	-	4 817 147	950 327	240 970	-	-	1 191 296	3 625 851
Tools & Equipment	8 923 227	841 043	(844 554)	-	-	8 919 717	3 840 254	548 511	-	(449 262)	3 939 502	4 980 214
Furniture	1 957 887	305 846	(20 032)	-	-	2 243 701	755 599	117 297	-	(5 800)	867 097	1 376 604
Special Vehicles	23 284 713	1 409 151	(175 787)	147 049	-	24 665 127	5 177 513	806 252	-	(59 528)	5 924 237	18 740 890
Tables	548 952	15 338	(42 688)	-	-	521 603	216 665	29 483	-	(10 462)	235 687	285 916
Chairs	997 041	107 806	(79 631)	-	-	1 025 216	389 477	58 315	-	(25 241)	422 551	602 665
Office Equipment	2 790 913	282 716	(80 923)	-	-	2 992 707	1 265 825	230 067	-	(45 086)	1 450 806	1 541 901
Computer Hardware	4 760 264	864 933	(524 238)	-	-	5 100 959	1 672 554	304 867	-	(269 044)	1 708 378	3 392 581
Other	366 683	-	(29 283)	-	-	337 401	92 267	22 554	-	(10 567)	104 254	233 146
	778 426 768	63 010 433	(1 806 174)	147 049	-	839 778 075	120 093 337	20 026 344	-	(880 381)	139 239 300	700 538 775

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12 INTANGIBLE ASSETS

Intangible Assets - Carrying Value

1 243 880

1 406 277

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value

1 406 277

1 630 650

Cost

2 242 407

2 242 407

Accumulated Depreciation

(836 131)

(611 758)

Accumulated Impairment

-

-

Additions

-

-

Amortisation

(162 397)

(224 373)

Disposal

-

-

Cost

-

-

Accumulated Depreciation

-

-

Closing Carrying Value

1 243 880

1 406 277

Cost

2 242 407

2 242 407

Accumulated Depreciation

(998 528)

(836 131)

Accumulated Impairment

-

-

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

Description	Remaining amortisation period	Carrying Value	
Computer software/licenses	2 - 10 years	1 243 880	1 406 277

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

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

13 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:

Erf 614, Caledon - Utilised as the Town Hall

720 902

720 902

Erven 12 and 14 - Villiersdorp - Utilised as a Restaurant.

290 500

290 500

Bridge at Meul Street, Caledon

14

14

Bridge at Farm 39, Genadendal

163

163

Total carrying value included under Property, Plant and Equipment

1 011 579

1 011 579

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

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14 CAPITALISED RESTORATION COSTS

Capitalised Restoration Cost - Carrying Value

	6 579 598	9 227 092
As previously reported		9 227 092
Correction of error restatement - note 50.3		-
Restated balance		9 227 092

The movement in capitalised restoration cost is reconciled as follows:

Opening Carrying Value

	9 227 092	17 898 198
Cost	39 797 722	39 966 322
Accumulated Depreciation	(23 236 939)	(14 711 832)
Accumulated Impairments	(7 333 691)	(7 356 292)
Additions	2 156 302	423
Disposals	-	(169 022)
Depreciation	(4 613 546)	(8 525 107)
Reversal of Impairments / (Impairments)	(190 250)	22 601

Closing Carrying Value

	6 579 598	9 227 092
Cost	41 954 024	39 797 722
Accumulated Depreciation	(27 850 485)	(23 236 939)
Accumulated Impairments	(7 523 941)	(7 333 691)

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

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

Refer to note 23 for more detail relating to this asset financed by way of a provision.

15 NON-CURRENT INVESTMENTS

Listed shares	216 096	199 843
Fixed Deposits	12 352 710	11 445 224
Total	12 568 806	11 645 067

Listed shares

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	216 096	199 843
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Fixed Deposits

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:

Standard Bank - Account number 088907139005 - 5 year investment	12 352 710	11 445 224
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The above-mentioned fixed deposit is ring-fenced for the repayment of stock loans as per note 16.

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LONG-TERM LIABILITIES

	2018	2017
Annuity Loans	70 176 818	78 215 444
Finance Lease Liabilities	-	150 655
Stock Loans	17 022 971	17 022 971
Sub-Total	87 199 789	95 389 070
Less: Current portion of Long-term Liabilities	7 454 200	8 188 718
Annuity Loans	7 454 200	8 038 062
Finance Lease Liabilities	-	150 655
Stock Loans	-	-
Total	79 745 589	87 200 353
Long-term Liabilities were utilised as follow:		
Total Long-term Liabilities taken up	87 199 789	95 389 070
Used to finance Property, Plant and Equipment at cost	(87 199 789)	(95 389 070)
Unspent Borrowings	-	-

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

Annuity Loans

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

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA BANK - 10 & 20 year (Loan No. 102807/1)	10.74%	30/06/2028	6 420 224	7 264 670
DBSA BANK - 10 & 20 year (Loan No. 103108/1)	11.44%	30/09/2028	7 562 393	8 000 003
ABSA BANK - 11 year (10858/1 (Electricity, Water, Sewerage))	11.14%	31/12/2018	109 276	307 404
ABSA BANK - 11 year (10858/2 (Sewerage))	11.14%	31/12/2018	16 707	46 997
DBSA BANK - 20 year (13343(Electricity))	16.50%	31/12/2019	45 167	69 836
DBSA BANK - 20 year (13705/102 (Electricity))	15.75%	30/06/2020	27 719	38 728
DBSA BANK - 20 year (103313.1)	9.85%	31/03/2029	17 180 627	18 019 067
DBSA BANK - 15 year (103313.2)	9.97%	31/03/2024	3 742 635	4 180 400
DBSA BANK - 10 year (103313.3)	10.00%	31/03/2019	159 045	303 349
STANDARD BANK - 7 year (72480009)	11.67%	31/07/2017	-	100 987
STANDARD BANK - 10 year (72479981)	11.72%	31/07/2020	1 097 282	1 455 868
DBSA BANK - 20 year (103817/3)	11.06%	31/12/2030	9 442 617	9 782 216
STANDARD BANK- 15 year (272400572)	12.22%	30/06/2026	6 055 663	6 483 900
ABSA BANK - 7 year (406885872)	10.45%	30/06/2018	-	570 037
ABSA BANK - 15 year (40-7908-8994)	10.79%	27/06/2027	9 086 656	9 662 653
ABSA BANK - 7 year (40-7908-9071)	9.42%	27/06/2019	1 555 326	2 973 877
ABSA BANK - 7 year (8259-8788)	8.25%	27/06/2019	68 962	132 568
ABSA BANK - 7 year (8259-9091)	8.25%	27/06/2019	17 764	34 148
ABSA BANK - 7 year (8259-9741)	8.25%	27/06/2019	109 593	210 675
ABSA BANK - 7 year (387230962)	10.09%	21/06/2021	1 540 682	1 961 176
ABSA BANK - 10 year (387230963)	10.63%	27/06/2024	5 938 480	6 616 885
Total			70 176 818	78 215 444

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	14 680 101	16 084 314
Payable within two to five years	47 153 240	50 552 229
Payable after five years	50 301 426	61 582 537
Total amount payable	112 134 766	128 219 080
Less: Outstanding Future Finance Charges	(41 957 948)	(50 003 636)
Present value of annuity loans	70 176 818	78 215 444

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16 LONG-TERM LIABILITIES (CONTINUED)

Finance Lease Liabilities

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

Description	Effective Interest rate	Maturity Date	Carrying Value of Liability	
30 Laptops	23%	30/06/2018	-	150 655
Total			-	150 655

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 11.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

Payable within one year	-	185 400
Payable within two to five years	-	-
Payable after five years	-	-
Total amount payable	-	185 400
Less: Outstanding Future Finance Charges	-	(34 745)
Present value of finance lease liabilities	-	150 655

Stock Loans

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

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA BANK - 20 year (Loan No. 102275/4&5)	9%	31/03/2027	10 022 971	10 022 971
DBSA BANK - 20 year (Loan No. 101487/1 Electricity)	9%	31/12/2024	6 873 758	6 873 758
DBSA BANK (Loan No. 101487/4 Admin/Corp/Refuse)	10%	31/12/2019	126 242	126 242
Total			17 022 971	17 022 971

The fixed deposit as per note 15 serves as security for the stock loans.

Stock loans are payable as follows:

Payable within one year	1 598 596	1 598 362
Payable within two to five years	8 462 064	8 706 078
Payable after five years	18 474 906	19 829 488
Total amount payable	28 535 567	30 133 929
Less: Outstanding Future Finance Charges	(11 512 596)	(13 110 958)
Present value of annuity loans	17 022 971	17 022 971

17 CONSUMER DEPOSITS

Water and Electricity Deposits	4 707 519	4 704 759
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The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

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18 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	23 257 481	23 136 281
Retentions	8 236 802	6 584 267
Payments Received in Advance	4 772 375	6 043 439
Unused Pre-paid Electricity	853 027	885 688
Sundry Deposits	2 904 292	1 034 163
Accrued Interest	1 018 849	1 123 205
Land Sales Deposits	404 144	301 799
Total	41 446 969	39 108 842

Payables are being recognised net of any discounts received.

The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

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

Sundry deposits include hall, builders and housing Deposits.

19 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	1 303 675	1 551 006
Provincial Government	15 519 678	7 342 468
Other Grant Providers	273 932	234 178
Total	17 097 285	9 127 652
As previously reported		9 824 512
Correction of error restatement - note 50.4		(696 860)
Restated balance		9 127 652

Detail reconciliations of all grants received and grant conditions met are included in note 26.

Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

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

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

20 UNSPENT PUBLIC CONTRIBUTIONS

Hogeschool van Arnhem en Nijmegen (HAN)	421 637	143 847
Industrial Development Corporation (IDC)	-	162 158
Total	421 637	306 005

Detail reconciliations of all public contributions received are included in note 28. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

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

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	2018	2017
21 CURRENT EMPLOYEE BENEFITS		
Bonuses	4 484 454	4 030 661
Staff Leave	12 723 890	11 544 398
Performance Bonuses	715 325	1 062 639
Pension	23 545	31 333
Group Insurance	216 096	199 843
Overtime	720 591	467 232
Current portion of Non-Current Employee Benefits - note 22	1 932 417	2 358 409
Post Retirement Medical Benefits	1 264 269	1 340 415
Long Service Awards	668 148	1 017 994
Total	20 816 318	19 694 515
The movement in current employee benefits are reconciled as follows:		
<u>Bonuses</u>		
Opening Balance	4 030 661	3 659 825
Contribution during the year	9 285 637	8 066 314
Payments made	(8 831 844)	(7 695 478)
Balance at the end of the year	4 484 454	4 030 661
Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.		
<u>Staff Leave</u>		
Opening Balance	11 544 398	10 773 371
Contribution during the year	1 863 662	2 026 453
Payments made	(684 170)	(1 255 426)
Balance at the end of the year	12 723 890	11 544 398
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.		
<u>Performance Bonuses</u>		
Opening Balance	1 062 639	965 950
Contribution during the year	267 451	209 354
Payments made	(614 765)	(112 665)
Balance at the end of the year	715 325	1 062 639
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.		
<u>Pension</u>		
Opening Balance	31 333	34 904
Payments made	(7 788)	(3 571)
Balance at the end of the year	23 545	31 333
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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21 CURRENT EMPLOYEE BENEFITS (CONTINUED)

Group Insurance

Opening Balance	199 843	185 904
Fair Value adjustment during the year	16 253	13 939
Balance at the end of the year	216 096	199 843

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	467 232	366 938
Contribution during the year	720 591	467 232
Payments made	(467 232)	(366 938)
Balance at end of year	720 591	467 232

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

22 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	44 815 773	43 058 819
Long Service Awards	7 194 517	6 696 850
Sub-Total	52 010 290	49 755 669
Less: Current portion of Employee Benefits	1 932 417	2 358 409
Post Retirement Medical Benefits	1 264 269	1 340 415
Long Service Awards	668 148	1 017 994
Total	50 077 873	47 397 260

22.1 Post Retirement Medical Benefits

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

Opening Balance	43 058 819	43 501 894
Contribution during the year	6 915 551	6 749 843
Current Service Cost	2 795 800	2 699 758
Interest Cost	4 119 751	4 050 085
Payments made	(1 433 017)	(1 393 951)
Actuarial Loss/(Gain)	(3 725 580)	(5 798 967)
Total balance at year-end	44 815 773	43 058 819
Less: Current portion	(1 264 269)	(1 340 415)
Total	43 551 504	41 718 404

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

In-service members	217	193
In-service non-members	416	427
Continuation members	33	37
Total	666	657

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22 EMPLOYEE BENEFITS (CONTINUED)

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2018	24 701 971	5 513 647	14 600 172	44 815 790
30 June 2017	21 131 224	5 113 005	16 814 590	43 058 819
30 June 2016	19 996 232	5 562 422	17 943 240	43 501 894
30 June 2015	21 438 559	5 273 310	17 770 674	44 482 543
30 June 2014	17 485 290	5 010 454	16 875 163	39 370 907

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2018	(873 000)	-
30 June 2017	(1 098 000)	-
30 June 2016	(1 351 000)	-
30 June 2015	(68 000)	-
30 June 2014	2 747 000	-

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

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	9.62%	9.72%
Health Care Cost Inflation Rate	7.43%	8.00%
Net Effective Discount Rate	2.06%	1.59%
Maximum Subsidy Inflation Rate	5.20%	5.63%
Net Discount Rate for Capped Subsidies	4.22%	3.87%

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

A discount rate of 9.64% per annum has been used. The corresponding index-linked yield at this term is 3.03%. 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 29 June 2018.

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

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) Last Valuation

The last valuation was performed on 4 August 2018.

v) Actuarial Valuation Method

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

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22 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	30 215 618	14 600 172	44 815 790	
Health care inflation (+ 1%)	32 250 000	15 168 000	47 418 000	6%
Health care inflation (- 1%)	27 263 000	13 880 000	41 143 000	-8%
Discount rate (+ 1%)	25 410 000	13 474 000	38 884 000	-13%
Discount rate (- 1%)	36 348 000	15 900 000	52 248 000	17%
Post-retirement mortality (- 1 year)	30 932 000	15 104 000	46 036 000	3%
Average retirement age (- 1 year)	33 249 000	14 600 000	47 849 000	7%
Continuation of membership after retirement (- 10%)	24 193 000	14 600 000	38 793 000	-13%

Sensitivity Analysis - Future Service and Interest Cost

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2018/19	3 028 900	4 260 700	7 289 600	
Health care inflation (+ 1%)	3 240 600	4 511 200	7 751 800	6%
Health care inflation (- 1%)	2 702 600	3 906 900	6 609 500	-9%
Discount rate (+ 1%)	2 525 000	4 071 800	6 596 800	-10%
Discount rate (- 1%)	3 677 600	4 460 700	8 138 300	12%
Post-retirement mortality (- 1 year)	3 099 900	4 378 400	7 478 300	3%
Average retirement age (- 1 year)	3 315 400	4 553 100	7 868 500	8%
Continuation of membership after retirement (- 10%)	2 445 000	3 680 100	6 125 100	-16%

22.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	6 696 850	6 299 488
Contribution during the year	1 188 507	1 178 890
Current Service Cost	662 548	668 542
Interest Cost	525 959	510 348
Payments made	(1 059 630)	(630 337)
Actuarial Loss/(Gain)	368 790	(151 191)
Total balance at year-end	7 194 517	6 696 850
Less: Current portion	(668 148)	(1 017 994)
Total	6 526 369	5 678 856

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards	633	620
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22 EMPLOYEE BENEFITS (CONTINUED)

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

Unfunded Liability
R

30 June 2018	7 194 517
30 June 2017	6 696 850
30 June 2016	6 299 488
30 June 2015	5 600 712
30 June 2014	4 990 435

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2018	441 022
30 June 2017	218 446
30 June 2016	222 964
30 June 2015	125 780
30 June 2014	(63 677)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	8.63%	8.49%
General Salary Inflation (long-term)	6.22%	6.31%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.27%	2.05%

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

The discount rate of 8.63% 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 2.77%. 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 29 June 2018.

ii) Last Valuation

The last valuation was performed on 4 August 2018.

iii) Actuarial Valuation Method

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

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation (+ 1%)	7 194 517	7 693 000	7%
General salary inflation (- 1%)	7 194 517	6 743 000	-6%
Discount rate (+ 1%)	7 194 517	6 729 000	-6%
Discount rate (- 1%)	7 194 517	7 719 000	7%
Average retirement age (- 2 years)	7 194 517	6 168 000	-14%
Average retirement age (+ 2 years)	7 194 517	8 099 000	13%
Withdrawal rates (- 50%)	7 194 517	8 855 000	23%

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22 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Current-service and Interest Costs (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2018/19	708 100	592 700	1 300 800	
General salary inflation (+ 1%)	769 200	635 700	1 404 900	8%
General salary inflation (- 1%)	653 600	553 700	1 207 300	-7%
Discount rate (+ 1%)	658 200	616 600	1 274 800	-2%
Discount rate (- 1%)	764 800	563 900	1 328 700	2%
Average retirement age (- 2 years)	618 400	504 100	1 122 500	-14%
Average retirement age (+ 2 years)	787 100	670 400	1 457 500	12%
Withdrawal rates (- 50%)	963 500	735 900	1 699 400	31%

22.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	148 323	147 462
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 106.1% (30 June 2015 - 102.4%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	16 947 786	15 364 005
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100.6% (30 June 2015 - 100.4%).

Total	17 096 108	15 511 467
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Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the 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 LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

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22 EMPLOYEE BENEFITS (CONTINUED)

Defined Contribution Plans

Council contributes to the following defined contribution plans:

Municipal Councillors Pension Fund	34 552	12 068
SALA Pension Fund	146 650	127 802
SAMWU National Provident Fund	2 188 843	2 086 422
IMATU Provident Fund	45 606	41 846
Total	2 415 651	2 268 138

The retirement benefit funds are 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.

23 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	83 931 240	77 229 586
As previously reported		63 760 420
Correction of error restatement - note 50.3		13 469 166
Total		77 229 586

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	77 229 586	72 811 102
Contribution during the year	6 701 654	4 418 484
Increase/(Decrease) in estimate allocated to Capital Restoration Cost Asset	2 156 302	(168 600)
Increase/(Decrease) in estimate allocated to Statement of Financial Performance	(242 353)	(145 638)
Interest Cost	4 787 705	4 732 722
Expenditure incurred	-	-
Total balance at year-end	83 931 240	77 229 586
Less: Current portion	-	-
Total	83 931 240	77 229 586

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 landfill sites at the end of its useful life. The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions	Estimated Decommission Date	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Caledon	58 300 m2	2022	29 307 353	26 721 996
Genadendal	15 240 m2	2023	9 448 816	8 499 377
Greyton	16 000 m2	2023	9 672 572	8 778 206
Riviersonderend	10 720 m2	2022	9 021 875	8 253 698
Villiersdorp	21 110 m2	2021	12 418 815	11 507 141
Botriver	17 536 m2	2020	14 061 810	13 469 167
Total			83 931 240	77 229 586

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

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24 RESERVES

Capital Replacement Reserve

12 425 354

13 385 570

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

25 PROPERTY RATES

Rateable Land and Buildings

98 396 554

85 872 817

Total

98 396 554

85 872 817

Property rate levied are based on the following rateable valuations:

Residential

5 206 211 300

4 596 825 300

Business and Commercial

1 205 349 000

1 299 724 000

Public benefit Organizations

23 825 500

11 572 500

State-owned

366 483 000

383 211 000

Agricultural

7 890 329 750

7 945 069 750

Total Valuation

14 692 198 550

14 236 402 550

Rate that is applicable to the valuations above:

Residential

1.0030 c/R

0.8838 c/R

Commercial

2.2376 c/R

1.9716 c/R

Agricultural

0.2508 c/R

0.2210 c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied 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 in terms of Council's own policy opted not to collect it.

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

A further R85 000 on the valuation are exempt from property rates for all those households earning less than R4 801 per month. (This exemption is also applicable to persons older than 60 with earnings between R4 801 and R6 401 per month).

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GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

77 911 000

69 861 373

77 911 000

69 861 373

Conditional Grants - National Government

41 055 410

32 828 535

Finance Management Grant (FMG)

1 700 000

1 625 000

Municipal Infrastructure Grant (MIG)

27 043 791

23 654 816

Expanded Public Works Programme (EPWP)

1 622 822

1 048 719

Integrated National Electrification Programme (INEP)

7 625 424

6 500 000

Municipal Drought Relieve (MDR)

2 885 764

-

Public Works

177 609

-

Conditional Grants - Provincial Government

27 673 200

28 993 297

Housing

16 440 552

19 234 810

Housing - Title Deeds

240 258

-

CDW Contribution

84 489

122 289

Thusong Multi Purpose Centre

459 704

224 885

Main Roads Subsidy

85 132

117 000

Financial Support Grant

330 000

1 223 860

Library Subsidy

7 499 090

7 950 452

Municipal Capacity Building Grant

363 400

120 000

Local Government Graduate Internship Allocation

40 000

-

Municipal Disaster Recovery (Water Supply Grant)

2 130 575

-

Conditional Grants - Other Grant Providers

494 826

1 973 832

DBSA Local Economic Development

234 178

1 543 505

SETA

260 648

277 562

SANRAL

-

152 765

Economic Development

-

-

Total

147 134 436

133 657 038

As previously reported

132 960 178

Correction of error restatement - note 50.4

696 860

Restated balance

133 657 038

Disclosed as:

Government Grants and Subsidies - Operating

96 988 944

95 241 128

Government Grants and Subsidies - Capital

50 145 492

38 415 910

Total

147 134 436

133 657 038

Grants per Vote (MFMA Sec 123 (c)):

Equitable share

77 911 000

69 861 373

Vote 1 - Budget and treasury office

6 576 376

33 123 676

Vote 2 - Community and social services

7 499 090

7 950 452

Vote 3 - Corporate services

25 720 741

1 326 281

Vote 4 - Electricity

6 688 968

-

Vote 6 - Executive and council

84 489

122 289

Vote 7 - Housing

16 858 419

19 234 810

Vote 8 - Planning and development

693 881

1 768 392

Vote 10 - Road transport

85 132

269 765

Vote 14 - Water

5 016 340

-

Total

147 134 436

133 657 038

The movements per grant can be summarised as follows:

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received	77 911 000	69 861 373
Transferred to Revenue - Operating	(77 911 000)	(69 861 373)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

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.

26.02 Finance Management Grant (FMG)

Opening Unspent Balance	-	476 176
Grants Received	1 700 000	1 148 824
Transferred to Revenue - Operating	(1 700 000)	(1 625 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

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

26.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	1 549 184	5 048
Grants Received	26 404 685	25 198 952
Transferred to Revenue - Operating	(4 096 520)	(3 744 817)
Transferred to Revenue - Capital	(22 947 271)	(19 909 999)
Other Movements	-	-
Closing Unspent Balance	910 078	1 549 184

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

26.04 Expanded Public Works Programme (EPWP)

Opening Unspent Balance	1 822	-
Grants Received	1 621 000	1 104 000
Transferred to Revenue - Operating	(1 622 822)	(1 048 719)
Transferred to Revenue - Capital	-	-
Other Movements	-	(53 458)
Closing Unspent Balance	-	1 822

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

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.05 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	-	247 148
Grants Received	3 000 000	6 252 852
Transferred to Revenue - Operating	(936 456)	(798 000)
Transferred to Revenue - Capital	(6 688 968)	(5 702 000)
Other Movements	4 625 423	-
Closing Unspent Balance	-	-

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

26.06 Municipal Drought Relieve (MDR)

Opening Unspent Balance	-	-
Grants Received	3 133 780	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(2 885 764)	-
Other Movements	-	-
Closing Unspent Balance	248 016	-

The grant will be utilised for boreholes.

26.07 Public Works

Opening Unspent Balance	-	-
Grants Received	323 190	-
Transferred to Revenue - Operating	(23 190)	-
Transferred to Revenue - Capital	(154 419)	-
Other Movements	-	-
Closing Unspent Balance	145 581	-

This grant will utilised for security in Grabouw.

26.08 Housing

Opening Unspent Balance	6 537 963	801 472
Grants Received	17 074 307	24 971 301
Transferred to Revenue - Operating	(1 119 466)	(7 880 900)
Transferred to Revenue - Capital	(15 321 086)	(11 353 910)
Other Movements	-	-
Closing Unspent Balance	7 171 718	6 537 963

Housing grants was utilised for the development of erven and the erection of top structures.

26.09 Housing - Title Deeds

Opening Unspent Balance	-	-
Grants Received	6 656 000	-
Transferred to Revenue - Operating	(240 258)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	6 415 742	-

This grant will be utilised to transfers properties to the respective beneficiaries.

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.10 CDW Contribution

Opening Unspent Balance	-	1 245
Grants received	130 000	113 000
Transferred to Revenue - Operating	(84 489)	(122 289)
Transferred to Revenue - Capital	-	-
Other Movements	(8 044)	8 044
Closing Unspent Balance	37 467	-

The CDW Contribution was used to finance the activities of Community Development Workers.

26.11 Thusong Multi Purpose Centre

Opening Unspent Balance	12 705	25 590
Grants received	582 000	212 000
Transferred to Revenue - Operating	(442 295)	(224 885)
Transferred to Revenue - Capital	(17 409)	-
Other Movements	-	-
Closing Unspent Balance	135 001	12 705

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

26.12 Main Roads Subsidy

Opening Unspent Balance	31 800	31 800
Grants received	104 813	117 000
Transferred to Revenue - Operating	(85 132)	(117 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	51 481	31 800

The subsidy is utilised for the maintenance of the provincial main roads which runs through the town centres.

26.13 Financial Support Grant

Opening Unspent Balance	-	1 003 860
Grants received	680 000	220 000
Transferred to Revenue - Operating	(330 000)	(1 223 860)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	350 000	-

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

26.14 Library Subsidy

Opening Unspent Balance	-	388 786
Grants received	7 718 000	7 535 000
Transferred to Revenue - Operating	(7 499 090)	(7 950 452)
Transferred to Revenue - Capital	-	-
Other Movements	(26 666)	26 666
Closing Unspent Balance	192 244	-

The subsidy is utilised for the operational costs of libraries which is a provincial function.

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.15 Municipal Capacity Building Grant

Opening Unspent Balance	700 000	500 000
Grants Received	240 000	320 000
Transferred to Revenue - Operating	(363 400)	(120 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	576 600	700 000

To develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

26.16 Local Government Graduate Internship Allocation

Opening Unspent Balance	60 000	-
Grants Received	-	60 000
Transferred to Revenue - Operating	(40 000)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	20 000	60 000

This grant will be utilised for the recruitment of interns.

26.17 Municipal Disaster Recovery (Water Supply Grant)

Opening Unspent Balance	-	-
Grants Received	2 700 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(2 130 575)	-
Other Movements	-	-
Closing Unspent Balance	569 425	-

This grant will be utilised for boreholes.

26.18 DBSA Local Economic Development

Opening Unspent Balance	234 178	1 777 683
Grants Received	-	-
Transferred to Revenue - Operating	(234 178)	(93 505)
Transferred to Revenue - Capital	-	(1 450 000)
Other Movements	-	-
Closing Unspent Balance	-	234 178

This grant is utilised for the replacement of bulk sewerage line between Caledon and Myddleton.

26.19 SETA

Opening Unspent Balance	-	-
Grants Received	260 648	277 562
Transferred to Revenue - Operating	(260 648)	(277 562)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

This grant is for the training and development of municipal officials.

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.20 SANRAL

Opening Unspent Balance	-	-
Grants Received	356 522	-
Transferred to Revenue - Operating	-	(152 765)
Transferred to Revenue - Capital	-	-
Other Movements	(152 765)	152 765
Closing Unspent Balance	203 757	-

This grant will be utilised for the construction of a taxi rank / bus stop in Grabouw.

26.21 Economic Development

Opening Unspent Balance	-	-
Grants Received	70 175	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	70 175	-

This grant will be utilised for local economic development.

26.22 Total Grants

Opening Unspent Balance	9 127 651	5 258 808
Grants Received	150 666 120	137 391 864
Transferred to Revenue - Operating	(96 988 944)	(95 241 128)
Transferred to Revenue - Capital	(50 145 492)	(38 415 910)
Other Movements	4 437 948	134 017
Closing Unspent Balance	17 097 283	9 127 651

27 PUBLIC CONTRIBUTIONS AND DONATIONS

Hogeschool van Arnhem en Nijmegen (HAN)	1 068 023	947 003
Industrial Development Corporation (IDC)	162 158	-
Total	1 230 181	947 003

The movements per grant can be summarised as follows:

27.01 Hogeschool van Arnhem en Nijmegen (HAN)

Opening Unspent Balance	143 847	199 751
Grants Received	1 345 812	891 099
Transferred to Revenue - Operating	(1 068 022)	(947 003)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	421 637	143 847

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

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27 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)

27.02 Industrial Development Corporation (IDC)

Opening Unspent Balance	162 158	162 158
Grants Received	-	-
Transferred to Revenue - Operating	(162 158)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	162 158

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

27.03 Total Public Contributions and donations

Opening Unspent Balance	306 005	361 909
Grants Received	1 345 812	891 099
Transferred to Revenue - Operating	(1 230 180)	(947 003)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	421 637	306 005

28 FINES, PENALTIES AND FORFEITS

Overdue Books	21 295	36 736
Retentions	772 991	-
Traffic	47 949 900	30 584 199
Pound Fees	244 619	353 456
Total	48 988 804	30 974 391
As previously reported		30 620 935
Reclassification - note 51.1		353 456
Restated balance		30 974 391

In terms of the requirements of GRAP 23 and IGRAP 1, all traffic fines issued during the year are recognised as revenue.

29 ACTUARIAL GAINS

Post Retirement Medical Benefits	3 725 580	5 798 967
Long Service Awards	-	151 191
Total	3 725 580	5 950 158

30 REVERSAL OF IMPAIRMENTS

Capitalised Restoration Costs	-	22 601
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The impairment was caused by the change in the discount rate which is linked to the prime rate.

31 CONTRIBUTED ASSETS

Property, Plant and Equipment	271 756	147 049
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Contributed Assets were donations received by the Municipality.

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32	SERVICE CHARGES		
	Electricity	82 960 048	82 546 091
	Water	67 682 341	62 179 026
	Refuse Removal	37 097 712	34 473 884
	Sewerage and Sanitation	33 923 943	31 706 598
	Total Revenue	221 664 044	210 905 599
	Less: Rebates	(19 459 117)	(18 095 936)
	Electricity	(2 744 337)	(2 448 527)
	Water	(3 192 798)	(2 604 137)
	Refuse Removal	(7 151 001)	(6 947 368)
	Sewerage and Sanitation	(6 370 980)	(6 095 904)
	Total	202 204 928	192 809 663
	As previously reported		193 926 329
	Reclassification - note 51.1		(1 116 666)
	Restated balance		192 809 663
	Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
33	RENTAL OF FACILITIES AND EQUIPMENT		
	Buildings and Commonage	1 587 216	1 413 713
	Halls and Sportfields	255 638	244 255
	Total	1 842 854	1 657 968
34	AGENCY SERVICES		
	Drivers Licences	706 165	667 220
	Duplicate Registration	98 671	108 643
	Instructor Certificate	2 942	-
	Learners	194 795	170 505
	License Cards	944 377	444 283
	Operators and Public Drivers Permits	175 820	153 760
	Roadworthy Applications	259 045	289 807
	Roadworthy Certificates	99 473	74 993
	Special Permits	30 725	37 351
	Temporary Permits	18 861	20 481
	Vehicle Licences	2 258 230	2 865 214
	Vehicle Registration	568 859	796 326
	Total	5 357 963	5 628 583
	As previously reported		2 865 214
	Reclassification - note 51.1		2 763 369
	Restated balance		5 628 583
35	LICENCES AND PERMITS		
	Trading	31 176	68 467
	Total	31 176	68 467
	As previously reported		2 035 510
	Reclassification - note 51.1		(1 967 043)
	Restated balance		68 467

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36 OTHER INCOME		
Building Plan Approval	1 759 220	1 755 220
Cemetery and Burial	599 940	589 655
Development Charges	147 367	1 116 666
Photocopies and Faxes	85 836	64 399
Building Plans Clause Levy, Sub-division and Consolidation Fees	590 011	541 233
Escort Fees	51 882	94 736
Sundry Income	1 649 042	1 834 916
Total	4 883 297	5 996 825
As previously reported		5 889 371
Correction of error restatement - note 50.3		140 570
Reclassification - note 51.1		(33 116)
Restated balance		5 996 825
37 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	114 804 999	103 637 045
Pension and UIF Contributions	20 710 237	18 494 345
Medical Aid Contributions	6 243 445	5 274 151
Overtime	6 725 965	5 505 175
Motor Vehicle Allowance	9 182 704	7 210 024
Housing Allowances	1 277 643	1 474 300
Other benefits and allowances	6 529 617	6 159 295
Other Allowance	1 691 142	1 411 831
Group Life Insurance	1 341 323	1 648 433
Standby Allowance	3 497 151	3 099 031
Contributions to Employee Benefits	14 607 647	13 650 573
Bonuses	9 285 637	8 259 391
Staff Leave	1 863 662	2 022 882
Long Service Awards	662 548	668 542
Post Retirement Medical Benefits	2 795 800	2 699 758
Workmen's Compensation	961 804	932 428
Total	181 044 060	162 337 336
Remuneration of 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. The Municipal Manager's post has been vacant since November 2016.		
Municipal Manager - GF Matthyse (appointed March 2018)		
Annual Remuneration	480 374	-
Travelling Allowance	24 000	-
Contributions to UIF, Medical and Pension Funds	-	-
Performance Bonus	-	-
Total	504 374	-

THEEWATERSKLOOF LOCAL MUNICIPALITY

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37	EMPLOYEE RELATED COSTS (CONTINUED)		
	Municipal Manager - HSD Wallace (contract expired October 2016)		
	Annual Remuneration	-	441 717
	Travelling Allowance	-	31 410
	Contributions to UIF, Medical and Pension Funds	-	10 256
	Performance Bonus	195 793	-
	Total	195 793	483 383
	Director: Corporate Services - J Isaacs (contract expired June 2017)		
	Annual Remuneration	-	1 403 015
	Travelling Allowance	-	25 000
	Contributions to UIF, Medical and Pension Funds	-	12 738
	Performance Bonus	-	-
	Total	-	1 440 753
	Director: Development Services - MH Gxoyiya (contract expired January 2017)		
	Annual Remuneration	-	1 013 890
	Travelling Allowance	-	50 000
	Contributions to UIF, Medical and Pension Funds	-	13 220
	Performance Bonus	141 611	-
	Total	141 611	1 077 110
	Director: Financial Services - D Louw		
	Annual Remuneration	818 226	1 206 377
	Travelling Allowance	108 000	108 000
	Contributions to UIF, Medical and Pension Funds	194 527	27 534
	Performance Bonus	138 524	-
	Total	1 259 277	1 341 911
	Director: Operational Services - J Barnard		
	Annual Remuneration	1 014 901	1 175 410
	Travelling Allowance	62 428	62 428
	Contributions to UIF, Medical and Pension Funds	210 381	27 286
	Performance Bonus	138 837	-
	Total	1 426 547	1 265 124
	Director: Technical Services - CW van Heerden (contract expired November 2016)		
	Annual Remuneration	-	697 848
	Travelling Allowance	-	42 000
	Contributions to UIF, Medical and Pension Funds	-	14 685
	Performance Bonus	141 611	-
	Total	141 611	754 533

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	2018	2017
38 REMUNERATION OF COUNCILLORS		
Executive Mayor	888 471	802 606
Deputy Executive Mayor	718 722	587 558
Speaker	691 494	652 133
Mayoral Committee Members	3 221 193	2 986 756
Other Councillors	6 018 908	4 957 639
Total	11 538 787	9 986 691
In-kind Benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and four Mayoral Committee members serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.		
Councillors may utilize municipal transportation when engaged in official duties		
39 DEBT IMPAIRMENT		
Receivables from Exchange Transactions	41 243 198	29 324 394
Receivables from Non-Exchange Transactions	42 072 859	32 463 771
Total Debt Impairment	83 316 058	61 788 165
Movement in VAT included in debt impairment	(1 342 625)	(1 488 132)
Total	81 973 432	60 300 033
40 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	18 744 815	20 026 344
Capitalised restoration costs	4 613 546	8 525 107
Investment Property	60 855	61 072
Intangible Assets	162 397	224 373
Total	23 581 613	28 836 896
41 IMPAIRMENT		
Property, Plant and Equipment	349 837	-
Capitalised Restoration Costs (PPE)	190 250	-
Total	540 087	-
42 REPAIRS AND MAINTENANCE		
Property, Plant and Equipment	20 647 338	27 200 368
Land and Buildings	5 904 282	6 995 450
Infrastructure	8 854 354	10 956 168
Community Assets	437 710	912 555
Other Assets	5 450 992	8 336 195
Investment Property	-	169 676
Total	20 647 338	27 370 044

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		2018	2017
43	ACTUARIAL LOSSES		
	Post Retirement Medical Benefits	-	-
	Long Service Awards	368 790	-
	Total	368 790	-
44	FINANCE CHARGES		
	Cash	9 576 269	10 335 889
	Long-term Liabilities	9 576 269	10 335 889
	Non-cash	9 433 415	9 293 155
	Post Retirement Medical Benefits	4 119 751	4 050 085
	Long Service Awards	525 959	510 348
	Rehabilitation of Landfill Sites	4 787 705	4 732 722
	Total	19 009 684	19 629 044
	As previously reported		18 798 403
	Correction of error restatement - note 50.3		830 641
	Restated balance		19 629 044
45	BULK PURCHASES		
	Electricity	54 930 226	54 773 794
	Water	12 161 256	12 351 866
	Total	67 091 482	67 125 660
	Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWA, Overberg Water and a number of private suppliers.		
46	CONTRACTED SERVICES		
	Caledon Solid Waste Site	1 848 922	1 525 617
	Computer Services and Licences	5 728 073	3 184 773
	Dumping fees (Karwyderskraal)	1 095 651	1 050 748
	Valuation Services	1 115 714	505 695
	Copier Costs	339 569	330 699
	Other Contracted Services	13 558 825	14 485 103
	Total	23 686 752	21 082 635
	Other Contracted Services consist out of a variety of services, including but not limited to the following:		
	<ul style="list-style-type: none"> - Cash in transit services - Printing, sorting and mailing of municipal accounts - Debt collection system support services - Prepaid electricity vendors - Traffic fines operators 		
47	TRANSFERS AND GRANTS		
	Indigent Subsidies - Electricity	2 377 804	2 285 090
	Total	2 377 804	2 285 090

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48	OTHER EXPENDITURE		
	Advertising, Publicity and Marketing	624 479	686 531
	Audit Fees	2 608 148	2 943 143
	Bank Charges	504 335	414 909
	Fuel Cost	4 565 891	4 657 928
	Insurance	1 364 480	884 894
	Legal advice	938 743	942 940
	Material and protective clothing	1 354 749	1 761 648
	Membership fees	1 902 510	1 675 331
	Operating Grant expenditure (Housing Top Structures)	221 784	7 880 900
	Postage	127 622	150 076
	Printing and stationery	847 784	1 021 746
	Electricity - Escom	5 453 465	7 518 122
	Refuse bags	326 406	559 299
	Skills development levy	1 489 040	1 330 509
	Telephone	810 224	670 168
	Training	571 863	1 204 256
	Travel and subsistence	465 589	788 937
	Water Purification	1 386 146	1 427 724
	Water Tests	607 020	623 360
	Other	4 183 866	3 198 331
	Total	30 354 142	40 340 752
49	GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS		
	Proceeds	295 000	1 908 478
	Less: Carrying value of Investment Property disposed	(258 882)	(685 901)
	Less: Carrying value of Property, Plant and Equipment disposed	(2 395 043)	(925 793)
	Less: Carrying value of Intangible Assets disposed	-	-
	Total	(2 358 925)	296 784
50	PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR		
50.1	Receivables from Exchange Transactions		
	Receivables from Exchange Transactions contained the following errors:		
	<ul style="list-style-type: none"> - It was noted that prepayments (R2 630 891) and Industrial Flow (R2 872 666) was incorrectly disclosed as Receivables from Non-exchange Transactions rather than Receivables from Exchange Transactions. 		
	The net effect of the above-mentioned errors were as follow:		
	- Receivables from Exchange Transactions - note 3	Understated	5 503 558
	- Receivables from Non-Exchange Transactions - note 4	Overstated	(5 503 558)
50.2	Property, Plant and Equipment		
	Property, Plant and Equipment contained the following errors:		
	<ul style="list-style-type: none"> - Other Assets (movable assets) amounting to R107 640 previously not included in the asset register were identified during the current years asset verification. - A project which was completed in the prior year was not depreciated. The amount of depreciation not recognised is R5 723 170. 		
	The net effect of the above-mentioned errors were as follow:		
	- Property, Plant and Equipment - note 11	Understated	5 615 529
	- Depreciation and Amortisation - note 40	Overstated	(5 739 691)
	- Accumulated Surplus - note 50.5	Understated	124 162

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50 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

50.3 Capitalised Restoration Costs

In the current year management became aware of an unused landfill site in Botrivier. This site has not been in operations for many years and accordingly no provision for the rehabilitation was provided. As this asset was is no longer in use, it was impaired in full.

The net effect of the above-mentioned errors were as follow:

- Capital Restoration Costs - note 14	No effect	-
- Non-current provisions - note 23	Understated	13 469 166
- Other Income - note 36	Understated	140 570
- Finance Charges - note 44	Understated	830 641
- Accumulated Surplus - note 50.5	Overstated	(12 779 095)

50.4 Unspent Conditional Government Grants

Grants revenue amounting to R696 860 pertaining to the Financial Support Grant were not recognised as income in the prior year, although the conditions attached to the grant were met.

The net effect of the above-mentioned errors were as follow:

- Unspent Conditional Government Grants - note 19	Overstated	(696 860)
- Government Grants and Subsidies - note 26	Understated	696 860

50.5 Accumulated Surplus

Property, Plant and Equipment - note 50.2	124 162
Capitalised Restoration Costs - note 50.3	(12 779 095)
Total	<u>(12 654 933)</u>

51 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATIONS

51.1 Revenue and Expenditure

The following items were reclassified in order to be aligned to the nature of the revenue.

Item	Previous Classification	Revised Classification	Amount
Pound Fees	Other Income	Fines, Penalties and Forfeits	353 456
Traffic related Licences and Permits	Licences and Permits	Agency Services	1 967 043
Private Jobs and Development Charges	Service Charges	Other Income	1 116 666
Motor Vehicle Registration	Other Income	Agency Services	796 326

The above mentioned reclassifications effected the following line items:

Revenue

- Fines, Penalties and Forfeits	353 456
- Service Charges	(1 116 666)
- Agency Services	2 763 369
- Licences and Permits	(1 967 043)
- Other Income	(33 116)

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	2018	2017
52 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	69 265 380	43 558 890
Adjusted for:		
Non-cash revenue included in Net Surplus	(4 232 843)	(6 561 208)
Actuarial Gains	(3 725 580)	(5 950 158)
Reversal of Impairments	-	(22 601)
Contributed Assets	(271 756)	(147 049)
Rental of Facilities and Equipment - decrease in operating lease asset	6 846	1 022
Change in Provisions for Restoration of Landfill Site	(242 353)	(145 638)
Gains on disposal of Non-Monetary Assets	-	(296 784)
Non-cash expenditure included in Net Surplus	133 868 205	112 581 676
Employee Related Costs - Contributions towards	15 611 943	14 151 592
Post Retirement Medical Benefits	2 795 800	2 699 758
Long Service Awards	662 548	668 542
Bonuses	9 285 637	8 066 314
Staff Leave	1 863 662	2 026 453
Performance Bonuses	267 451	209 354
Group Insurance	16 253	13 939
Overtime	720 591	467 232
Debt Impairment	81 973 432	60 300 033
Depreciation and Amortisation	23 581 613	28 836 896
Impairment	540 087	-
Actuarial Losses	368 790	-
Finance Charges	9 433 415	9 293 155
Post Retirement Medical Benefits	4 119 751	4 050 085
Long Service Awards	525 959	510 348
Provision for Rehabilitation of Landfill-sites	4 787 705	4 732 722
Gain on disposal of Non-Monetary Assets	2 358 925	-
Cash expenditure not included in Net Surplus	(13 098 446)	(11 458 366)
Post Retirement Medical Benefits	(1 433 017)	(1 393 951)
Long Service Awards	(1 059 630)	(630 337)
Bonuses	(8 831 844)	(7 695 478)
Staff Leave	(684 170)	(1 255 426)
Performance Bonuses	(614 765)	(112 665)
Pension	(7 788)	(3 571)
Overtime	(467 232)	(366 938)
Operating Surplus before changes in working capital	185 802 296	138 120 991
Movement in working capital	(90 467 644)	(61 140 298)
Long-term Receivables	2 704 302	(417 618)
Receivables from Exchange Transactions	(48 957 671)	(38 339 325)
Receivables from Non-Exchange Transactions	(45 041 301)	(21 392 610)
Unpaid Conditional Government Grants	(4 437 948)	(134 017)
Taxes	(4 280 771)	1 629 566
Inventory	(877 647)	676 386
Payables from exchange transactions	2 338 127	(6 975 619)
Unspent Conditional Government Grants	7 969 633	3 868 844
Unspent Public Contributions	115 632	(55 904)
Cash Flow from Operating Activities	95 334 652	76 980 693

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53 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	23 234 967	26 279 841
Call and Notice Deposits	40 655 244	38 033 259
Cash Floats	10 350	10 350
Total	63 900 561	64 323 450

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

54 BUDGET COMPARISONS

54.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats. The following items are affected by these classification differences:

Statement of Financial Position

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

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

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

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of Financial Performance

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

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement.

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

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement.

Finance charges pertaining to employee related costs was budget as part of Employee Related Costs, but for GRAP purposes has been disclosed as Finance Charges. For budget comparison purposes, the actual finance charges shall be included as part of Employee Related Costs.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

54.2 Statement of Financial Position

Adjustments to Original Budget

Adjustments to the original budget was mainly to align the amounts with the audit outcomes of 2016/17 and to accommodate any changes to revenue, operating and capital expenditure for the 2017/18 financial year.

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54 BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Cash and Call Investment Deposits were more than budget due to the underspending of both capital and operating budget.

Property, Plant and Equipment was less than budget due to housing projects not concluded at year-end.

Borrowing was less than budget as no loans were taken up as anticipated in the budget.

Provision and Employee Benefits were more than budget due to the prior year error of the Botrivier landfill site which were not included in the budget.

54.3 Statement of Financial Performance

Adjustments to Original Budget

Transfer and Subsidies - Operational and Capital were increased due to the roll-over application of grants which approved.

Employee Related Costs were decreased due to Director position being vacant.

Contracted Services and Other Expenditure were increased as a result of the roll-over application of grants which was approved.

Actual Amounts vs Final Budget

Service Charges - Water Revenue was more than budget due to the introduction of drought tariffs.

Fines were more than anticipated due to the service provider being in service for the full year and not partially as was the case in the prior year.

Transfer and Subsidies - Operational and Capital were less than budget due to Housing funding not fully received.

Debt Impairment was more than budget due to the excessive amount of fines issued which were not budgeted for.

Other Material, Contracted Services and Other Expenditure were less than budget due to the Housing funding not fully received.

54.4 Cash Flow Statement

Adjustments to Original Budget

Service Charges were decreased in anticipation of the drought and also some consumers leaving the electricity grid.

Government was increased due to additional funding received.

Suppliers and Employees was increase as a result of roll-over grant application approval.

Capital Asset payments were in increased as a result of roll-over grant application approval and additional grant funding.

Actual Amounts vs Final Budget

Property rates, penalties & collection charges were more than budget due to aggressive collection strategy implemented.

Service charges were less than budget due to poorer collections on water services as a result of the special levy introduced.

Government was less than budget due to not all funding allocations received.

Suppliers and Employees was less than budget due to grant funding allocations not received.

Capital Asset payments was less than budget due to not all grant funding received.

Borrowings was less than budget as the loans were not taken up during the current year.

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55 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

55.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	-	-
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - capital	-	-
Approved by Council	-	-
Unauthorised expenditure awaiting further action	-	-

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2018 (Actual) R	2018 (Final Budget) R	2018 (Unauthorised) R	2017 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Budget and treasury office	53 536 764	54 282 188	-	-
Vote 2 - Community and social services	6 527 324	6 980 831	-	-
Vote 3 - Corporate services	54 789 606	59 785 332	-	-
Vote 4 - Electricity	70 727 301	72 790 742	-	-
Vote 5 - Environmental protection	182	290 243	-	-
Vote 6 - Executive and council	35 870 249	37 858 269	-	-
Vote 7 - Housing	6 457 727	28 814 248	-	-
Vote 8 - Planning and development	11 973 453	12 739 572	-	-
Vote 9 - Public safety	62 942 421	64 633 215	-	-
Vote 10 - Road transport	31 434 335	33 238 037	-	-
Vote 11 - Sport and recreation	8 105 881	9 561 211	-	-
Vote 12 - Waste management	41 984 848	45 379 633	-	-
Vote 13 - Waste water management	31 140 302	32 520 028	-	-
Vote 14 - Water	49 082 507	49 687 470	-	-
Total	464 572 900	508 561 019	-	-
Unauthorised expenditure - Capital				
Vote 1 - Budget and treasury office	18 897	42 300	-	-
Vote 2 - Community and social services	421 142	676 769	-	-
Vote 3 - Corporate services	5 044 856	5 894 257	-	-
Vote 4 - Electricity	14 182 552	15 157 000	-	-
Vote 5 - Environmental protection	-	-	-	-
Vote 6 - Executive and council	1 224 201	1 999 700	-	-
Vote 7 - Housing	14 937 454	37 760 003	-	-
Vote 8 - Planning and development	17 408	35 000	-	-
Vote 9 - Public safety	400 767	1 694 000	-	-
Vote 10 - Road transport	10 464 632	15 047 728	-	-
Vote 11 - Sport and recreation	984 866	1 103 184	-	-
Vote 12 - Waste management	1 290 895	2 660 259	-	-
Vote 13 - Waste water management	12 707 790	19 305 196	-	-
Vote 14 - Water	25 518 528	28 908 911	-	-
Total	87 213 990	130 284 307	-	-

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

55.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	69 270	69 270
Fruitless and wasteful expenditure incurred	-	8 064
Approved by Council	-	(8 064)
Fruitless and wasteful expenditure awaiting further action	69 270	69 270

Details of fruitless and wasteful expenditure incurred

(a) 2012/2013 Incorrect calculation of leave payout	69 270	69 270
(b) A objector was wrongly informed of his right of appeal, and legal costs were incurred	-	8 064
Total	69 270	77 334

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

55.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	-	-
Irregular expenditure incurred - current year	126 518	26 600
Irregular expenditure incurred - prior year	251 595	47 810
Approved by Council	(378 113)	(74 410)
Irregular expenditure awaiting further action	-	-

Details of irregular expenditure incurred

(a) During the period from 19 October 2015 to 07 October 2016 an total amount of R74 410 was paid to a supplier, while he was in the service of the state, of which R 47 810 was in the 2015/2016 financial year and R 26 600 in the 2016/2017 financial year.	-	74 410
(b) Supplier in the service of the state (EPWP Worker)	2 200	-
(c) Electrical services without a contract	60 269	-
(d) Hiring of 8 ablution facilities for the informal settlement, Madiba Park in Greyton	24 307	-
(e) Overpayment of Acting and Rural Allowances	291 337	-
Total	378 113	74 410

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

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56 MATERIAL LOSSES

56.1 Water distribution losses

Kilo litres disinfected/purified/purchased	4 628 957	5 404 965
Kilo litres sold and free basic services	3 777 463	4 306 382
Kilo litres lost during distribution	851 494	1 098 583
Percentage lost during distribution	18.39%	20.33%

Normal pipe bursts and field leakages are responsible for water losses.

56.2 Electricity distribution losses

Units purchased (Kwh)	60 693 803	60 735 731
Units sold, free basic services and standard friction losses	58 175 207	57 576 698
Units lost during distribution (Kwh)	2 518 596	3 159 033
Percentage lost during distribution	4.15%	5.20%

57 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

57.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	-	-
Expenditure incurred	1 805 529	1 617 708
Payments	(1 805 529)	(1 617 708)
Payments in advance	-	-

57.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	2 608 148	3 355 183
External Audit - Auditor-General	2 608 148	3 355 183
Payments	(2 608 148)	(3 355 183)
Outstanding Balance	-	-

57.3 VAT [MFMA 125 (1)(c)]

Opening balance	(837 573)	1 361 568
Net amount claimed/(declared) during the year	(988 615)	(2 475 390)
Net amount paid during the year	6 616 006	276 249
Outstanding Balance Receivable/(Payable)	4 789 818	(837 573)

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 throughout the year.

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

Opening balance	-	-
Payroll deductions and Council Contributions during the year	25 813 917	22 599 299
Payments	(25 813 917)	(22 599 299)
Outstanding Balance	-	-

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

57.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	43 176 316	38 207 988
Payments made to pension and medical fund	(43 176 316)	(38 207 988)
Outstanding Balance	-	-

57.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

No Councillors had arrear accounts outstanding for more than 90 days during the year.

57.7 Deviations from Supply Chain Management Regulations

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

Section 36(1)(a)(i) - Emergencies	3 404 932	927 115
Section 36(1)(a)(ii) - Single provider	6 012 402	4 488 219
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	20 956 036	28 760 380
Total	30 373 370	34 175 714

Deviations from Supply Chain Management Regulations can be allocated as follow:

MM Office	103 252	203 618
Corporate Services	3 997 270	4 041 380
Development Services	7 163 058	434 807
Financial Services	5 633 638	7 200 015
Technical Services	6 097 740	11 540 626
Operations	7 378 414	10 755 267
Total	30 373 370	34 175 714

Deviations from Supply Chain Management Regulations were identified on the quotation/tender categories:

Less than R30 000	5 653 207	6 199 986
Between R30 001 and R200 000	8 475 877	9 062 876
Between R200 001 and R2 000 000	13 876 161	13 061 226
More than R2 000 001	2 368 125	5 851 625
Total	30 373 370	34 175 714

All the deviations were ratified by the Municipal Manager and reported to Council. The major deviations approved are as follows:

The appointment of a Housing Implementing Agent	8 404 877	8 404 877
Purchasing of W15mm WDM Water Meters	4 089 318	4 089 318
Design and build a new 2ml prefabricated steel Reservoir at Riviersonderend	1 700 176	1 700 176
The Design and Build of a New 0.15ML Prefabricated Steel Reservoir at Tesselaarsdal	1 741 028	-

58 CAPITAL COMMITMENTS

Approved and contracted for	11 343 906	25 001 513
Infrastructure	11 343 906	25 001 513

This expenditure will be financed from:

External Loans	-	5 976 684
Government Grants	10 780 810	15 185 684
Own Resources	563 096	3 839 145
Total	11 343 906	25 001 513

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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59 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

59.1 Credit Risk

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

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	63 900 561	64 323 450
Receivables from exchange transactions	33 606 683	27 672 228
Long-term Receivables	26 759	5 832 963
Non-current Investments	12 568 806	11 645 067
Total	110 102 809	109 473 708

Cash and Cash Equivalents

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

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

Receivables from Exchange Transactions

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

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

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

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

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

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

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

Electricity	1 040 386	176 710
Water	2 394 542	1 737 052
Refuse	1 058 648	985 350
Sewerage	1 595 280	777 318
Other	1 093 201	118 087
Rates (Statutory Receivable)	2 785 524	3 459 273
Total	9 967 580	7 253 789

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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59 FINANCIAL RISK MANAGEMENT (CONTINUED)

59.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

59.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	63 890 211	64 313 100
Long-term Liabilities (including current portion)	-	-
Net balance exposed	63 890 211	64 313 100

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

1% (2017 - 1%) increase in interest rates	638 902	643 131
0% (2017 - 0%) decrease in interest rates	-	-

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

59.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2018				
Annuity Loans	14 680 101	47 153 240	50 301 426	112 134 766
Stock Loans	1 598 596	8 462 064	18 474 906	28 535 567
Payables from exchange transactions	35 417 424	-	-	35 417 424
Total	51 696 121	55 615 304	68 776 332	176 087 756
30 JUNE 2017				
Annuity Loans	16 084 314	50 552 229	61 582 537	128 219 080
Finance Lease Liabilities	185 400	-	-	185 400
Stock Loans	1 598 362	8 706 078	19 829 488	30 133 929
Payables from exchange transactions	31 877 916	-	-	31 877 916
Total	49 745 992	59 258 307	81 412 025	190 416 325

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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59 FINANCIAL RISK MANAGEMENT (CONTINUED)

59.5 Other price risk (Market Risk)

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

The following balance is exposed to price risk:

Non-current Investments - Listed shares	216 096	199 843
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60 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	63 900 561	64 323 450
Receivables from Exchange transactions	33 606 683	27 672 228
Long-term Receivables	26 759	5 832 963
Total	97 534 002	97 828 641

Financial Liabilities

Payables from exchange transactions	35 417 424	31 877 916
Long-Term Liabilities	87 199 789	95 389 070
Total	122 617 213	127 266 986

61 STATUTORY RECEIVABLES

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

Taxes	8 326 291	2 702 895
Receivables from Non-Exchange Transactions	15 273 395	13 271 111
Rates	8 513 188	7 528 069
Fines	6 760 207	5 743 042
Total	23 599 686	15 974 006

The amounts above are disclosed after any provision for impairment has been taken into account.

62 EVENTS AFTER REPORTING DATE

The Municipality had no significant events after reporting date.

63 IN-KIND DONATIONS AND ASSISTANCE

Property, Plant and Equipment as per note 31 were donated to the Municipality.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

<i>Figures in Rand</i>		2018	2017
64	PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
	The Municipality did not enter into any PPP's in the current and prior year.		
65	CONTINGENT LIABILITIES		
	The Municipality were exposed to the following contingent liabilities at year end:		
65.1	Overberg Water	4 132 692	2 950 274
	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.		
66	FINANCIAL SUSTAINABILITY		
	Management is of the opinion that will Municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.		
	Financial Indicators		
	The current ratio increased to 1.45:1 from 1.41:1 in the prior year.		
	The Municipality have budgeted for a surplus of R28 840 000 for the 2018/2019 financial year and surpluses of R46 659 000 and R36 434 000 for the 2019/2020 and 2020/2021 years respectively.		
	The average debtors collection rate decreased from 85.32% to 83.75%.		
	Cash and Cash Equivalents have increased during the year.		
67	RELATED PARTIES		
67.1	Related Party Loans		
	There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.		
67.2	Compensation of management personnel		
	Remuneration of management personnel are disclosed in notes 37 and 38.		

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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RELATED PARTIES

67.3 Related Party Transactions

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

	Rates	Service Charges	Other	Outstanding Balance
2018				
<u>Councillors</u>				
Papier K	1 851	10 226	-	-
Arendse JI	476	7 207	-	-
Koegelenberg M	6 375	9 169	-	4 833
November C	2 894	12 348	-	1 187
Tshabe B	4 609	5 457	-	931
Sipunzi U	140	5 363	-	452
Le Roux M	-	3 737	-	-
Mentile AN	-	5 291	-	441
Vosloo CJM	13 139	7 427	-	1 568
Mienies RL	1 505	7 150	-	862
Lampbrecht C	4 834	5 373	-	847
Appel DA	1 023	5 680	-	2 288
Du Toit D	22 793	7 836	-	2 443
Wood C	-	5 351	-	435
Plato-Mentoor M	3 200	6 298	-	825
Potberg SJ	547	10 053	-	5 224
Total	63 386	113 965	-	22 336

Municipal Manager and Section 57 Employees

None

2017

Councillors

Cupido A	188	1 170	-	693
Carelse G	485	1 185	-	882
De Wet P	161	874	-	519
Nellie J	38	575	-	306
Punt C	908	821	-	(2 004)
Appel M	423	880	-	649
Papier K	1 631	11 751	-	1 182
Arendse JI	150	5 968	-	648
Koegelenberg M	5 717	15 997	-	(33)
November C	2 550	13 165	-	1 192
Tshabe B	3 384	4 423	-	752
Sipunzi U	124	5 043	-	413
Voloos CJM	9 648	5 976	-	2 971
Mienies RL	1 105	4 585	-	578
Lampbrecht C	4 127	5 252	-	936
Appel DA	901	3 283	-	6 340
Du Toit D	20 084	7 397	2 718	2 172
Wood C	-	4 105	-	403
Plato-Mentoor M	2 819	4 784	-	722
Total	54 444	97 233	2 718	19 323

Municipal Manager and Section 57 Employees

Isaacs J	Contract expired 01/12/2016	258	1 031	-	518
Total		258	1 031	-	518

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

67 RELATED PARTIES (CONTINUED)

67.3 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.

The following awards were made where immediate family members are in the service of the State:

Company	Relationship	Position of person in service of the state	2018	2017
J & A Electriese Werke	Owner Jandre Wessels is the son-in-law of Francois du Toit	TWK Deputy Director Electrical	-	207 257
TWK TV & Video	Owner Jan Barnard is the son of Jan Barnard, TWK Director Operations	TWK Director Operations	-	28 910
Tano'Vera	Owner Tania Bippert is the domestic partner of Nino Hendrick	TWK Manager IT	348 642	221 589
Villiersdorp Security	Director Leon Vosloo is the spouse of Christina Johanna Maria Vosloo TWK Mayro and the father of Chrisme Vosloo	TWK H.R. Temp	481 990	177 154
Finck Attorneys	Owner Ronald Finck is the spouse Gail Finck	TWK Senior Clerk Clearances	7 500	-
Petrol & Diesel Enjin Sentrum	Owner Petrus Pretorius is the parent-in-law of Joanle Pretorius	TWK Chief Clerk	780 842	782 288
Marshall Armature Winding	Owner Gert Koegelenberg is the spouse of Martie Koegelenberg	TWK Councillor	120 102	96 998
Adenco Construction	Director Victor Machimana is the parent of Helen Machimana; Director Vuyo Machimana is the parent of Busisiwe Skosana and Director Daniel Jackson is the parent of Adele Kassner	Helen Machimana, Department of Welfare Limpopo Social Worker; Busisiwe Skosana, Department of Health Gauteng Nursing Sister and Adele Kassner, Department of Education Teacher	6 166 338	2 982 444
WAM Technology	Director Willem Botes is the spouse of Stella Botes	Department of Education Teacher	62 089	49 370
Masanda Trading CC	Owner Verinica Moos is the parent-in-law of Michelle Thomas	TWK Cashier	81 254	351 984
Aurecon SA - Professional Services	Parent of R Mehlala and Son of G Saaiman	R Mehlala, CFO: Eastern Cape Arts and Culture Council and G Saaiman, Auditor General	96 719	11 231
MH Sullivan t/a Jenspeed Auto Consulting	Owner Mackman Hilton Sullivan is the son-in-law of Marius August	Technical Officer in Grabouw	-	4 553
Safetech	Owner Elizma Goltz is the spouse of Ronald Micheal Goltz	Fireman by the City of Cape Town	24 824	29 640
S'Cees Coffee Shop	Owner Esmaralda Dreyer is the spouse of Neville Dreyer	Health Inspector by Overberg District Municipality	51 183	48 434
Anchwin Technical Work	Owner Angus Klaasen is the spouse of Wylene Klaasen	TWK Clerk	-	26 360
Electricall	Owner Gert Koegelenberg is the spouse of Martie Kogelenberg and owner Janse Norval is the father of Joanle Pretorius	Martie Kogelenberg, TWK Councillor and Joanle Pretorius, TWK Chief Creditors Clerk	-	59 028
Howard General Services	Owner Howard Smith is the brother-in-law of Roland Arendse and the uncle of Verhone Arendse and Haidee Arendse	Roland Arendse, TWK Operations, Genadendal and Verhone Arendse and Haidee Arendse, TWK, Finance	-	82 873
Fairbridges Attorneys	Director Waheeda Shreef is the spouse of Mohammed Jawodeen; Director Adela Petersen is the sister of Shaheed Hofmeester and Director Diane-Maree Rauch is the daughter-in-law of Henk Rauch	Mohammed Jawodeen, Non-Executive Director of the Central Energy Fund; Shaheed Hofmeester, a Teacher and Henk Rauch, Programme Manger at Petrosa.	420 261	350 269

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

67 RELATED PARTIES (CONTINUED)

67.3 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.

Company	Relationship	Position of person in service of the state	2018	2017
Die Pienk Bicycle	Owner Dianne Phillips is the mother of Eben Phillips	Director at the Municipality of Knysna	8 250	3 100
ATC Builders	Owner Alfred Patience is the father of Tyrone Patience	IT Clerk at Department of Health	-	59 630
Suid-Kaap Waardeerders	Owner Stephanus de Swardt is the spouse of Anna de Swardt	Professional Nurse at the Provincial Administration of Western Cape	987 960	523 526
River Transport (Pty) Ltd.	Owner Brendall Fullard is the son of Brenda Fullard and brother of Joan-Lee Fullard	Education Department Teacher and TWK Administrator	33 106	-
Maverick Trading 1088	Owner Vuyokazi Machimana is the daughter of Busiswe Skosana	General Nurse at the Department of Health Gauteng	-	107 935
EM Mobile Car Wash and Cleaning Services	Owner Elizabeth Marthinus is the spouse of Charles Martinus and the mother of Quwin Marthinus	Charles Martinus, EMS Services and Quwin Marthinus, Teacher, Western Cape Education Department	-	5 180
Carol-Ann Pedro Contractors	Owner Carol-Ann Pedro is the mother of Wingreen Pedro	TWK Records Clerk	61 369	168 434
NCC Environmental Services (Pty) Ltd	Director Linden Rhode is the spouse of Cahndre Rhode	Clerk at the City of Cape Town	-	18 707
Kemanzi	Director Hazel du Toit is the Spouse of Mr. J. du Toit	Inspector Driver's Licences at the CoCT	230 246	218 241
Forfebs (Pty) Ltd	Director Margaret February is the parent of Stephanie February	Clerk at the Department of Health	-	113 395
S.C. Martin	Owner Stanton Martin is the brother of Annielle Martin	TWK, Senior Administrator	27 170	7 790
Nova Civils (Pty) Ltd	Director Areal Andries is the fiancée of Derrick Appel	TWK Councillor	189 824	114 708
JLA Logistics (Pty) Ltd	Director Janine Cupido is the cousin of Wingreen Pedro	TWK Records Clerk	393 892	246 718
FCR Abrahams	Owner Frank Abrahams is the spouse of Berdine Abrahams	TWK Debtors Clerk	25 761	200 618
Bergstan South Africa	Director Cobin Beukes is the spouse of Jacqueline Beukes	Social Worker	926 744	112 157
Swartland and West Coast Trading	Director Lizle Marcus is the spouse of Heinrich Marcus	Department of Health Admin Clerk	7 200	-
Greyton Repairs	Owner Riaan Groenewald is the spouse of Gail Groenewald	TWK Principle Clerk	3 140	3 950
Sydney Amanzi Management Solutions	Member Sydney Armoed is the father of Eslin Armoed	Knysna Municipality Supervisor	79 883	-
Democratic Packaging	Director Leonard van der Heerden is the spouse of Victoria van der Heerden	Department of Education Teacher	130 587	-
Theunissen Catering and Supplies	Director Verity Theunissen is the mother of Kasandra and Renco Theunissen and the mother of Renco Theunissen	Kasandra Theunissen, Department of Social Development	16 920	-
Conlog (Pty) Ltd	Director Logandhren Moodley is the spouse of Nirvasha Moodley	Department of Health Director	28 556	-
Ikapa Reticulation and Flow	Director Randal Davids is the spouse of Sophia Davids	Department of Education Special Needs Teacher	26 058	-
Reginald du Plessis	Owner Reginald du Plessis is the spouse of Cerhal du Plessis and the son-in-law of Cerhal du Plessis	Cerhal du Plessis, TWK General Worker; Caroline W	16 500	-
Bosman Smit Pretorius Inc	Owner Marriette Pretorius is the spouse of Gavin Brink	SAPS Police Officer	6 000	-
Total			11 840 912	7 414 474

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2017	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2018
<u>ANNUITY LOANS</u>							
DBSA BANK - 10 & 20 year	Loan No. 102807/1	10.74%	30/06/2028	7 264 670		(844 446)	6 420 224
DBSA BANK - 10 & 20 year	Loan No. 103108/1	11.44%	30/09/2028	8 000 003	-	(437 610)	7 562 393
ABSA BANK - 11 year	10858/1 (Electricity, Water, Sewerage)	11.14%	31/12/2018	307 404	-	(198 128)	109 276
ABSA BANK - 11 year	10858/2 (Sewerage)	11.14%	31/12/2018	46 997	-	(30 290)	16 707
DBSA BANK - 20 year	13343(Electricity)	16.50%	31/12/2019	69 836	-	(24 669)	45 167
DBSA BANK - 20 year	13705/102 (Electricity)	15.75%	30/06/2020	38 728	-	(11 009)	27 719
DBSA BANK - 20 year	103313.1	9.85%	31/03/2029	18 019 067	-	(838 440)	17 180 627
DBSA BANK - 15 year	103313.2	9.97%	31/03/2024	4 180 400	-	(437 765)	3 742 635
DBSA BANK - 10 year	103313.3	10.00%	31/03/2019	303 349	-	(144 304)	159 045
STANDARD BANK - 7 year	72480009	11.67%	31/07/2017	100 987	-	(100 987)	-
STANDARD BANK - 10 year	72479981	11.72%	31/07/2020	1 455 868	-	(358 586)	1 097 282
DBSA BANK - 20 year	103817/3	11.06%	31/12/2030	9 782 216	-	(339 599)	9 442 617
STANDARD BANK- 15 year	272400572	12.22%	30/06/2026	6 483 900	-	(428 237)	6 055 663
ABSA BANK - 7 year	406885872	10.45%	30/06/2018	570 037	-	(570 037)	-
ABSA BANK - 15 year	40-7908-8994	10.79%	27/06/2027	9 662 653	-	(575 997)	9 086 656
ABSA BANK - 7 year	40-7908-9071	9.42%	27/06/2019	2 973 877	-	(1 418 552)	1 555 326
ABSA BANK - 7 year	8259-8788	8.25%	27/06/2019	132 568	-	(63 606)	68 962
ABSA BANK - 7 year	8259-9091	8.25%	27/06/2019	34 148	-	(16 384)	17 764
ABSA BANK - 7 year	8259-9741	8.25%	27/06/2019	210 675	-	(101 082)	109 593
ABSA BANK - 7 year	387230962	10.09%	21/06/2021	1 961 176	-	(420 494)	1 540 682
ABSA BANK - 10 year	387230963	10.63%	27/06/2024	6 616 885	-	(678 405)	5 938 480
Total Annuity Loans				78 215 444	-	(8 038 627)	70 176 818
<u>FINANCE LEASE LIABILITIES</u>							
30 Laptops	DFA Solutions	23%	30/06/2018	150 655	-	(150 655)	-
Total Finance Lease Liabilities				150 655	-	(150 655)	-
<u>STOCK LOANS</u>							
DBSA BANK - 20 year	Loan No. 102275/4&5	9%	31/03/2027	10 022 971	-	-	10 022 971
DBSA BANK - 20 year	Loan No. 101487/1 Electricity	9%	31/12/2024	6 873 758	-	-	6 873 758
DBSA BANK	Loan No. 101487/4 Admin/Corp/Refuse	10%	31/12/2019	126 242	-	-	126 242
Total Stock Loans				17 022 971	-	-	17 022 971
Total Long-Term Liabilities				95 389 070	-	(8 189 282)	87 199 789

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER MOVEMENT R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	77 911 000	(77 911 000)	-	-	-
Finance Management Grant (FMG)	-	1 700 000	(1 700 000)	-	-	-
Municipal Infrastructure Grant (MIG)	1 549 184	26 404 685	(4 096 520)	(22 947 271)	-	910 078
Expanded Public Works Programme (EPWP)	1 822	1 621 000	(1 622 822)	-	-	-
Integrated National Electrification Programme (INEP)	-	3 000 000	(936 456)	(6 688 968)	4 625 423	-
Municipal Drought Relieve (MDR)	-	3 133 780	-	(2 885 764)	-	248 016
Public Works	-	323 190	(23 190)	(154 419)	-	145 581
Total	1 551 006	114 093 655	(86 289 988)	(32 676 422)	4 625 423	1 303 675
PROVINCIAL GOVERNMENT						
Housing	6 537 963	17 074 307	(1 119 466)	(15 321 086)	-	7 171 718
Housing - Title Deeds	-	6 656 000	(240 258)	-	-	6 415 742
CDW Contribution	-	130 000	(84 489)	-	(8 044)	37 467
Thusong Multi Purpose Centre	12 705	582 000	(442 295)	(17 409)	-	135 001
Main Roads Subsidy	31 800	104 813	(85 132)	-	-	51 481
Financial Support Grant	-	680 000	(330 000)	-	-	350 000
Library Subsidy	-	7 718 000	(7 499 090)	-	(26 666)	192 244
Municipal Capacity Building Grant	700 000	240 000	(363 400)	-	-	576 600
Local Government Graduate Internship Allocation	60 000	-	(40 000)	-	-	20 000
Municipal Disaster Recovery (Water Supply Grant)	-	2 700 000	-	(2 130 575)	-	569 425
Total	7 342 468	35 885 120	(10 204 130)	(17 469 070)	(34 710)	15 519 678
OTHER GRANT PROVIDERS						
DBSA Local Economic Development	234 178	-	(234 178)	-	-	-
SETA	-	260 648	(260 648)	-	-	-
SANRAL	-	356 522	-	-	(152 765)	203 757
Economic Development	-	70 175	-	-	-	70 175
Total	234 178	687 345	(494 826)	-	(152 765)	273 932
ALL SPHERES OF GOVERNMENT	9 127 652	150 666 120	(96 988 944)	(50 145 492)	4 437 948	17 097 285

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
Financial Performance						
Property rates	94 232 677	-	94 232 677	98 396 554	4 163 877	85 872 817
Service charges	198 007 253	2 000 000	200 007 253	202 204 928	2 197 675	192 809 663
Investment revenue	5 500 000	310 000	5 810 000	8 157 487	2 347 487	7 323 159
Transfers recognised - operational	129 296 316	7 502 661	136 798 977	96 988 944	(39 810 033)	95 241 128
Other own revenue	52 344 474	114 006	52 458 480	77 673 117	25 214 637	63 043 344
Total Operating Revenue (excluding capital transfers)	479 380 720	9 926 667	489 307 387	483 421 030	(5 886 357)	444 290 111
Employee costs	186 962 987	(4 747 468)	182 215 519	181 044 060	(1 171 459)	162 337 336
Remuneration of councillors	11 649 725	(21 978)	11 627 747	11 538 787	(88 960)	9 986 691
Debt impairment	50 265 000	27 100 000	77 365 000	81 973 432	4 608 432	60 300 033
Depreciation and asset impairment	28 301 798	(5 000 000)	23 301 798	24 121 700	819 902	28 836 896
Finance charges	20 105 251	-	20 105 251	19 009 684	(1 095 567)	19 629 044
Bulk purchases	68 205 658	-	68 205 658	67 091 482	(1 114 176)	67 125 660
Other materials	54 531 624	(21 947 954)	32 583 670	20 647 338	(11 936 333)	27 370 044
Contracted services	37 129 838	12 275 406	49 405 244	23 686 752	(25 718 492)	21 082 635
Transfers and subsidies	110 000	30 000	140 000	2 377 804	2 237 804	2 285 090
Other expenditure	41 568 818	2 042 314	43 611 132	30 722 932	(12 888 200)	40 340 752
Loss on Disposal of PPE	-	-	-	2 358 925	2 358 925	-
Total Expenditure	498 830 699	9 730 320	508 561 019	464 572 898	(43 988 121)	439 294 180
Surplus/(Deficit)	(19 449 979)	196 347	(19 253 632)	18 848 132	38 101 764	4 995 931
Transfers recognised - capital	61 804 684	13 030 998	74 835 682	50 145 492	(24 690 190)	38 415 910
Contributed Assets	-	4 470 435	4 470 435	271 756	(4 198 679)	147 049
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 380	9 212 895	43 558 890
Capital expenditure & funds sources						
Capital expenditure	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433
Transfers recognised - capital	61 804 685	11 392 798	73 197 483	46 059 077	(27 138 406)	38 827 860
Public contributions & donations	-	4 470 435	4 470 435	-	(4 470 435)	-
Borrowing	32 244 202	2 256 682	34 500 884	26 260 822	(8 240 062)	-
Internally generated funds	14 887 316	3 228 189	18 115 505	14 894 090	(3 221 415)	24 182 573
Total sources of capital funds	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433
Cash flows						
Net cash from (used) operating	79 736 248	2 823 746	82 559 994	95 334 652	12 774 658	76 980 693
Net cash from (used) investing	(108 434 880)	(21 348 064)	(129 782 944)	(87 570 973)	42 211 971	(62 020 895)
Net cash from (used) financing	24 415 958	94 379	24 510 337	(8 186 568)	(32 696 905)	(7 078 818)
Net Cash Movement for the year	(4 282 674)	(18 429 939)	(22 712 613)	(422 889)	22 289 724	7 880 980
Cash/cash equivalents at beginning of year	46 489 343	17 834 107	64 323 450	64 323 450	-	56 442 470
Cash/cash equivalents at the year end	42 206 669	(595 832)	41 610 837	63 900 561	22 289 724	64 323 450

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APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	1 150 000	143 847	1 293 847	1 152 512	(141 335)	7 019 450
Finance and administration	203 136 598	2 880 692	206 017 290	217 066 870	11 049 580	187 589 499
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	7 323 494	-	7 323 494	8 202 413	878 919	8 331 159
Sport and recreation	41 000	-	41 000	76 631	35 631	(948 562)
Public safety	-	-	-	-	-	353 456
Housing	72 621 000	6 820 483	79 441 483	16 858 419	(62 583 064)	19 234 810
Economic and environmental services						
Planning and development	2 625 000	778 863	3 403 863	3 374 303	(29 560)	5 085 902
Road transport	36 348 480	4 470 435	40 818 915	53 726 010	12 907 095	35 311 695
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	87 441 734	4 500 000	91 941 734	89 649 352	(2 292 382)	85 211 516
Water management	58 459 681	9 533 780	67 993 461	72 699 270	4 705 809	69 464 649
Waste water management	35 599 012	(700 000)	34 899 012	33 936 339	(962 673)	31 702 963
Waste management	36 439 405	(1 000 000)	35 439 405	37 096 159	1 656 754	34 496 485
Other	-	-	-	-	-	-
Total Revenue - Standard	541 185 404	27 428 100	568 613 504	533 838 278	(34 775 226)	482 853 022
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	25 327 574	(4 692 671)	20 634 903	19 171 657	(1 463 246)	17 758 894
Finance and administration	123 129 470	7 660 075	130 789 545	125 269 744	(5 519 801)	111 746 353
Internal audit	2 196 645	-	2 196 645	1 861 602	(335 043)	1 759 292
Community and public safety						
Community and social services	7 220 911	(85 000)	7 135 911	6 664 048	(471 863)	7 732 366
Sport and recreation	9 647 428	(86 217)	9 561 211	8 105 881	(1 455 330)	7 821 783
Public safety	2 968 040	(20 000)	2 948 040	2 605 151	(342 889)	3 028 984
Housing	41 752 817	(12 938 569)	28 814 248	6 457 727	(22 356 521)	12 781 486
Economic and environmental services						
Planning and development	10 258 371	407 317	10 665 688	9 582 490	(1 083 198)	8 529 752
Road transport	74 685 702	20 237 510	94 923 212	91 771 604	(3 151 608)	75 190 518
Environmental Protection	305 243	(15 000)	290 243	182	(290 061)	135
Trading services						
Energy sources	73 345 770	(555 028)	72 790 742	70 727 301	(2 063 441)	69 078 604
Water management	49 669 951	17 519	49 687 470	49 082 507	(604 963)	47 713 750
Waste water management	32 119 048	400 980	32 520 028	31 140 302	(1 379 726)	31 127 083
Waste management	45 956 229	(576 596)	45 379 633	41 984 848	(3 394 785)	45 025 154
Other	247 500	(24 000)	223 500	147 856	(75 644)	-
Total Expenditure - Standard	498 830 699	9 730 320	508 561 019	464 572 900	(43 988 119)	439 294 154
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 378	9 212 893	43 558 868

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APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Budget and treasury office	175 508 493	1 635 652	177 144 145	189 071 961	11 927 816	191 437 965
Vote 2 - Community and social services	7 323 494	-	7 323 494	8 202 413	878 919	8 331 159
Vote 3 - Corporate services	27 628 105	1 245 040	28 873 145	27 994 909	(878 236)	(3 995 515)
Vote 4 - Electricity	87 441 734	4 500 000	91 941 734	89 649 352	(2 292 382)	85 211 516
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	1 150 000	143 847	1 293 847	1 152 512	(141 335)	7 166 499
Vote 7 - Housing	72 621 000	6 820 483	79 441 483	16 858 419	(62 583 064)	19 234 810
Vote 8 - Planning and development	2 625 000	778 863	3 403 863	3 374 303	(29 560)	5 085 902
Vote 9 - Public safety	30 435 000	-	30 435 000	48 277 576	17 842 576	31 111 344
Vote 10 - Road transport	5 913 480	4 470 435	10 383 915	5 448 434	(4 935 481)	4 553 807
Vote 11 - Sport and recreation	41 000	-	41 000	76 631	35 631	(948 562)
Vote 12 - Waste management	36 439 405	(1 000 000)	35 439 405	37 096 159	1 656 754	34 496 485
Vote 13 - Waste water management	35 599 012	(700 000)	34 899 012	33 936 339	(962 673)	31 702 963
Vote 14 - Water	58 459 681	9 533 780	67 993 461	72 699 270	4 705 809	69 464 649
Total Revenue by Vote	541 185 404	27 428 100	568 613 504	533 838 278	(34 775 226)	482 853 022
EXPENDITURE						
Vote 1 - Budget and treasury office	42 932 736	11 349 452	54 282 188	53 536 764	(745 424)	39 959 179
Vote 2 - Community and social services	7 065 831	(85 000)	6 980 831	6 527 324	(453 507)	7 732 366
Vote 3 - Corporate services	64 766 041	(4 980 709)	59 785 332	54 789 606	(4 995 726)	60 022 533
Vote 4 - Electricity	73 345 770	(555 028)	72 790 742	70 727 301	(2 063 441)	69 078 604
Vote 5 - Environmental protection	305 243	(15 000)	290 243	182	(290 061)	135
Vote 6 - Executive and council	41 352 588	(3 494 319)	37 858 269	35 870 249	(1 988 020)	29 787 539
Vote 7 - Housing	41 752 817	(12 938 569)	28 814 248	6 457 727	(22 356 521)	12 781 486
Vote 8 - Planning and development	12 263 275	476 297	12 739 572	11 973 453	(766 119)	10 025 040
Vote 9 - Public safety	46 486 465	18 146 750	64 633 215	62 942 421	(1 690 794)	47 866 614
Vote 10 - Road transport	31 167 277	2 070 760	33 238 037	31 434 335	(1 803 702)	30 352 888
Vote 11 - Sport and recreation	9 647 428	(86 217)	9 561 211	8 105 881	(1 455 330)	7 821 783
Vote 12 - Waste management	45 956 229	(576 596)	45 379 633	41 984 848	(3 394 785)	45 025 154
Vote 13 - Waste water management	32 119 048	400 980	32 520 028	31 140 302	(1 379 726)	31 127 083
Vote 14 - Water	49 669 951	17 519	49 687 470	49 082 507	(604 963)	47 713 750
Total Expenditure by Vote	498 830 699	9 730 320	508 561 019	464 572 900	(43 988 119)	439 294 154
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 378	9 212 893	43 558 868

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APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	94 232 677	-	94 232 677	98 396 554	4 163 877	85 872 817
Service charges - electricity revenue	82 544 155	-	82 544 155	80 215 711	(2 328 444)	80 097 564
Service charges - water revenue	55 915 681	3 700 000	59 615 681	64 489 543	4 873 862	59 574 889
Service charges - sanitation revenue	29 771 012	(700 000)	29 071 012	27 552 963	(1 518 049)	25 610 694
Service charges - refuse revenue	29 776 405	(1 000 000)	28 776 405	29 946 711	1 170 306	27 526 516
Rental of facilities and equipment	1 920 000	-	1 920 000	1 842 854	(77 146)	1 657 968
Interest earned - external investments	5 500 000	310 000	5 810 000	8 157 487	2 347 487	7 323 159
Interest earned - outstanding debtors	8 000 000	(1 699 999)	6 300 001	10 339 844	4 039 843	9 868 219
Fines, penalties and forfeits	30 301 000	-	30 301 000	48 988 804	18 687 804	30 974 391
Licences and permits	55 000	-	55 000	31 176	(23 824)	68 467
Agency services	5 798 480	-	5 798 480	5 357 963	(440 518)	5 628 583
Transfers recognised - operating	129 296 316	7 502 661	136 798 977	96 988 944	(39 810 033)	95 241 128
Other revenue	5 769 994	1 814 005	7 583 999	11 112 477	3 528 478	14 548 932
Gains on disposal of PPE	500 000	-	500 000	-	(500 000)	296 784
Total Revenue (excl capital transfers)	479 380 720	9 926 667	489 307 387	483 421 030	(5 886 357)	444 290 111
EXPENDITURE BY TYPE						
Employee related costs	186 962 987	(4 747 468)	182 215 519	181 044 060	(1 171 459)	162 337 336
Remuneration of councillors	11 649 725	(21 978)	11 627 747	11 538 787	(88 960)	9 986 691
Debt impairment	50 265 000	27 100 000	77 365 000	81 973 432	4 608 432	60 300 033
Depreciation & asset impairment	28 301 798	(5 000 000)	23 301 798	24 121 700	819 902	28 836 896
Finance charges	20 105 251	-	20 105 251	19 009 684	(1 095 567)	19 629 044
Bulk purchases	68 205 658	-	68 205 658	67 091 482	(1 114 176)	67 125 660
Other Materials	54 531 624	(21 947 954)	32 583 670	20 647 338	(11 936 333)	27 370 044
Contracted Services	37 129 838	12 275 406	49 405 244	23 686 752	(25 718 492)	21 082 635
Transfers and grants	110 000	30 000	140 000	2 377 804	2 237 804	2 285 090
Other expenditure	41 568 818	2 042 314	43 611 132	30 722 932	(12 888 200)	40 340 752
Loss on disposal of PPE	-	-	-	2 358 925	2 358 925	-
Total Expenditure	498 830 699	9 730 320	508 561 019	464 572 898	(43 988 121)	439 294 180
Surplus/(Deficit)	(19 449 979)	196 347	(19 253 632)	18 848 132	38 101 764	4 995 931
Transfers recognised - capital	61 804 684	13 030 998	74 835 682	50 145 492	(24 690 190)	38 415 910
Contributed Assets	-	4 470 435	4 470 435	271 756	(4 198 679)	147 049
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 380	9 212 895	43 558 890

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NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Budget and treasury office	-	-	-	-	-	-
Vote 2 - Community and social services	-	-	-	-	-	504 478
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Electricity	3 450 000	390 000	3 840 000	3 642 453	(197 547)	-
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	11 394 579
Vote 8 - Planning and development	-	-	-	-	-	-
Vote 9 - Public safety	-	-	-	-	-	-
Vote 10 - Road transport	9 193 692	699 885	9 893 577	9 880 759	(12 818)	194 955
Vote 11 - Sport and recreation	-	-	-	-	-	-
Vote 12 - Waste management	-	-	-	-	-	1 029 569
Vote 13 - Waste water management	17 032 192	-	17 032 192	10 889 508	(6 142 684)	4 365 914
Vote 14 - Water	3 326 315	715 223	4 041 538	4 030 880	(10 658)	219 300
Total Multi-year expenditure	33 002 199	1 805 108	34 807 307	28 443 601	(6 363 706)	17 708 795
Single-year expenditure						
Vote 1 - Budget and treasury office	42 300	-	42 300	18 897	(23 403)	856 843
Vote 2 - Community and social services	400 877	275 892	676 769	421 142	(255 627)	160 919
Vote 3 - Corporate services	5 006 257	888 000	5 894 257	5 044 856	(849 401)	-
Vote 4 - Electricity	10 559 000	758 000	11 317 000	10 540 098	(776 902)	11 519 997
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	1 813 200	186 500	1 999 700	1 224 201	(775 499)	2 938 922
Vote 7 - Housing	36 381 001	1 379 002	37 760 003	14 937 454	(22 822 549)	-
Vote 8 - Planning and development	-	35 000	35 000	17 408	(17 592)	-
Vote 9 - Public safety	1 084 000	610 000	1 694 000	400 767	(1 293 233)	75 158
Vote 10 - Road transport	626 316	4 527 835	5 154 151	583 872	(4 570 279)	500 687
Vote 11 - Sport and recreation	1 600 000	(496 816)	1 103 184	984 866	(118 318)	1 345 804
Vote 12 - Waste management	4 517 544	(1 857 285)	2 660 259	1 290 895	(1 369 364)	1 869 870
Vote 13 - Waste water management	-	2 273 004	2 273 004	1 818 282	(454 722)	16 870 333
Vote 14 - Water	13 903 509	10 963 864	24 867 373	21 487 648	(3 379 725)	9 163 105
Total Single-year expenditure	75 934 004	19 542 996	95 477 000	58 770 389	(36 706 611)	45 301 638
Total Capital Expenditure by Vote	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433

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NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	1 524 389
Finance and administration	6 861 757	1 074 500	7 936 257	6 287 955	(1 648 302)	2 271 375
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	400 877	275 892	676 769	421 142	(255 627)	665 397
Sport and recreation	1 600 000	(496 816)	1 103 184	984 866	(118 318)	1 345 804
Public safety	-	-	-	-	-	75 158
Housing	36 381 001	1 379 002	37 760 003	14 937 454	(22 822 549)	11 394 579
Economic and environmental services						
Planning and development	-	35 000	35 000	17 408	(17 592)	-
Road transport	10 904 008	5 837 720	16 741 728	10 865 399	(5 876 329)	695 642
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	14 009 000	1 148 000	15 157 000	14 182 552	(974 448)	11 519 997
Water management	17 229 824	11 679 087	28 908 911	25 518 528	(3 390 383)	9 382 405
Waste water management	17 032 192	2 273 004	19 305 196	12 707 790	(6 597 406)	21 236 247
Waste management	4 517 544	(1 857 285)	2 660 259	1 290 895	(1 369 364)	2 899 439
Other	-	-	-	-	-	-
Total Capital Expenditure - Standard	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	25 423 684	7 278 796	32 702 480	28 973 640	(3 728 840)	25 981 560
Provincial Government	36 381 001	4 114 002	40 495 003	17 085 438	(23 409 565)	11 404 707
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	1 441 593
Transfers recognised - capital	61 804 685	11 392 798	73 197 483	46 059 077	(27 138 406)	38 827 860
Public contributions & donations	-	4 470 435	4 470 435	-	(4 470 435)	-
Borrowing	32 244 202	2 256 682	34 500 884	26 260 822	(8 240 062)	-
Internally generated funds	14 887 316	3 228 189	18 115 505	14 894 090	(3 221 415)	24 182 573
Total Capital Funding	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433

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NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	84 809 410	(3 214 013)	81 595 396	93 424 697	11 829 300	79 639 759
Service charges	178 206 527	(5 021 687)	173 184 840	166 984 974	(6 199 866)	166 551 831
Other revenue	20 209 694	(188 180)	20 021 514	18 444 033	(1 577 481)	30 544 184
Government - operating	129 296 316	(361 480)	128 934 836	100 520 628	(28 414 208)	98 975 954
Government - capital	61 804 684	16 518 215	78 322 899	50 145 492	(28 177 407)	38 415 910
Interest	9 500 000	1 765 125	11 265 125	8 157 487	(3 107 638)	7 323 159
Payments						
Suppliers and employees	(393 453 847)	(6 644 233)	(400 098 080)	(330 388 585)	69 709 496	(331 849 125)
Finance charges	(10 526 535)	-	(10 526 535)	(9 576 269)	950 266	(10 335 889)
Transfers and grants	(110 000)	(30 000)	(140 000)	(2 377 804)	(2 237 804)	(2 285 090)
NET CASH FROM OPERATING ACTIVITIES	79 736 248	2 823 746	82 559 994	95 334 652	12 774 658	76 980 693
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	500 000	-	500 000	295 000	(205 000)	1 908 478
Decrease (increase) other non-current receivables	1 321	40	1 361	-	(925 100)	-
Decrease (increase) in non-current investments	-	-	-	(923 739)	-	(918 940)
Payments						
Capital assets	(108 936 201)	(21 348 104)	(130 284 305)	(86 942 234)	43 342 071	(63 010 433)
NET CASH USED IN INVESTING ACTIVITIES	(108 434 880)	(21 348 064)	(129 782 944)	(87 570 973)	42 211 971	(62 020 895)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	32 244 201	(212 449)	32 031 752	-	(32 031 752)	-
Increase (decrease) in consumer deposits	273 317	(149 483)	123 834	2 714	(121 120)	407 331
Payments						
Repayment of borrowing	(8 101 560)	456 311	(7 645 249)	(8 189 282)	(544 032)	(7 486 149)
NET CASH FROM FINANCING ACTIVITIES	24 415 958	94 379	24 510 337	(8 186 568)	(32 696 905)	(7 078 818)
NET INCREASE/ (DECREASE) IN CASH HELD	(4 282 674)	(18 429 939)	(22 712 613)	(422 889)	22 289 724	7 880 980
Cash/cash equivalents at the year begin:	46 489 343	17 834 107	64 323 450	64 323 450	-	56 442 470
Cash/cash equivalents at the year end:	42 206 669	(595 832)	41 610 837	63 900 561	22 289 724	64 323 450