

THEEWATERSKLOOF LOCAL MUNICIPALITY



Theewaterskloof Municipality

UNAUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2019

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	
Ward 14	Mr N Pieterse	
Proportional	Mrs C Vosloo	
Proportional	Mr I Sileku	(Resigned 17 May 2019)
Proportional	Mrs N Mqgweto	(Appointed 14 June 2019)
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	(Resigned 1 October 2018)
Proportional	Mrs R Mienies	
Proportional	Mr T Tshungwana	
Proportional	Mrs M le Roux	
Proportional	Mr R Nongxaza	(Appointed 18 October 2018)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Mrs C Vosloo	
Deputy Executive Mayor	Mr IM Sileku	(Resigned 17 May 2019)
Deputy Executive Mayor	Mr K Papier	(Appointed 14 June 2019)
Executive Councillor	Mrs MM Koegelenberg	
Executive Councillor	Mrs J Arendse	
Executive Councillor	Mrs PU Stanfliet	
Executive Councillor	Mr K Papier	(Appointed as Deputy Executive Mayor 14 June 2019)
Executive Councillor	Mr N Pieterse	(Appointed 14 June 2019)
Executive Councillor	Mrs M Plato-Mentoor	

MUNICIPAL MANAGER

Mr GF Matthyse

THEEWATERSKLOOF LOCAL MUNICIPALITY

GENERAL INFORMATION

SPEAKER

Mr D Du Toit

CHIEF FINANCIAL OFFICER

Mr D Louw

AUDIT COMMITTEE

R Gani

W Zybrands

K Montgomery (Resigned 23 June 2019)

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

mSCOA Regulation

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 2019, which are set out on pages 1 to 86 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 2020 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 J Barnard
Acting Municipal Manager

31 August 2019

Date

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 (Actual)	2018 (Restated)
ASSETS			
Current Assets		207 484 535	128 632 743
Cash and Cash Equivalents	2	130 940 149	63 900 561
Current Investments	15	13 260 197	-
Receivables from Exchange Transactions	3	36 242 533	29 742 430
Receivables from Non-Exchange Transactions	4	16 483 432	16 154 602
Unpaid Conditional Government Grants	5	-	4 625 423
Taxes	6	4 369 051	7 721 185
Operating Leases	7	439 966	533 076
Current Portion of Long-term Receivables	8	1 361	14 744
Inventory	9	5 747 847	5 940 722
Non-Current Assets		905 283 127	853 487 082
Long-term Receivables	8	140	12 014
Investment Property	10	68 105 086	66 564 169
Property, Plant and Equipment	11	825 375 533	766 518 615
Intangible Assets	12	1 037 629	1 243 880
Heritage Assets	13	-	-
Capitalised Restoration Costs	14	10 523 694	6 579 598
Non-current Investments	15	241 045	12 568 806
Total Assets		1 112 767 662	982 119 826
Current Liabilities		124 226 250	91 299 349
Current Portion of Long-term Liabilities	16	7 818 546	7 454 200
Consumer Deposits	17	4 750 864	4 832 519
Payables from exchange transactions	18	48 234 121	40 677 390
Unspent Conditional Government Grants	19	41 641 950	17 097 285
Unspent Public Contributions	20	259 792	421 637
Current Employee benefits	21	21 520 976	20 816 318
Non-Current Liabilities		223 758 432	213 754 700
Long-term Liabilities	16	82 347 883	79 745 587
Employee benefits	22	46 430 223	50 077 873
Non-Current Provisions	23	94 980 327	83 931 240
Total Liabilities		347 984 682	305 054 049
NET ASSETS		764 782 980	677 065 776
COMMUNITY WEALTH			
Accumulated Surplus		743 960 793	664 640 422
Reserves	24	20 822 188	12 425 354
		764 782 980	677 065 776

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		324 886 103	300 015 036
Taxation Revenue		101 759 520	98 144 521
Property Rates	25	101 759 520	98 144 521
Transfer Revenue		151 059 614	148 364 617
Government Grants and Subsidies - Operating	26	116 115 262	96 988 944
Government Grants and Subsidies - Capital	26	34 341 177	50 145 492
Public Contributions and Donations	27	603 175	1 230 181
Other Revenue		72 066 969	53 505 899
Insurance Refund		2 751 603	1 273 419
Fines, Penalties and Forfeits	28	40 182 926	48 235 143
Actuarial Gains	29	11 762 066	3 725 580
Reversal of Impairments	30	4 186 772	-
Contributed Assets	31	13 183 602	271 756
REVENUE FROM EXCHANGE TRANSACTIONS		263 803 497	232 606 269
Operating Activities		263 803 497	232 606 269
Service Charges	32	223 971 311	200 709 668
Rental of Facilities and Equipment	33	1 810 592	1 842 854
Interest Earned - External Investments		9 846 515	8 157 487
Interest Earned - Outstanding Debtors		16 472 261	10 307 713
Agency Services	34	6 898 029	6 674 076
Licences and Permits	35	35 678	31 176
Other Income	36	4 769 113	4 883 297
TOTAL REVENUE		588 689 600	532 621 305
EXPENDITURE			
Employee Related Costs	37	192 825 882	181 044 060
Remuneration of Councillors	38	11 706 906	11 538 787
Debt Impairment	39	73 352 663	81 973 432
Depreciation and Amortisation	40	20 298 909	23 581 613
Impairment	41	511 847	540 087
Actuarial Losses	42	1 805 601	368 790
Finance Charges	43	18 698 906	19 009 684
Bulk Purchases	44	76 381 521	67 091 482
Contracted Services	45	38 237 575	30 579 325
Transfers and Grants	46	2 642 281	2 476 180
Other Expenditure	47	63 483 149	45 007 047
Loss on disposal of Non-Monetary Assets	48	1 027 163	2 358 925
TOTAL EXPENDITURE		500 972 402	465 569 413
NET SURPLUS FOR THE YEAR		87 717 198	67 051 892

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2017 - Previously Reported	13 385 569	597 945 083	611 330 652
Correction of error restatement - refer to note 49.5	-	(1 316 724)	(1 316 724)
Balance on 30 June 2017 - Restated	13 385 569	596 628 358	610 013 928
Net Surplus for the year	-	67 051 848	67 051 848
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 - Restated	12 425 353	664 640 422	677 065 776
Net Surplus for the year	-	87 717 204	87 717 204
Property, Plant and Equipment purchased	-	-	-
Transfer to Capital Replacement Reserve	8 396 834	(8 396 834)	-
Balance on 30 June 2019	20 822 187	743 960 793	764 782 980

THEEWATERSKLOOF LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		100 519 945	93 424 697
Service Charges and Interest on outstanding Debtors		190 299 250	168 548 843
Other Revenue		31 413 800	18 646 258
Government Grants		179 626 528	150 666 120
Investment Income		9 846 515	8 157 487
Payments			
Suppliers and employees		(372 725 314)	(332 056 303)
Finance charges		(8 682 626)	(9 576 269)
Transfer and Grants		(2 642 281)	(2 476 180)
NET CASH FROM OPERATING ACTIVITIES	51	127 655 818	95 334 652
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		780 337	295 000
Payments			
Purchase of Property, Plant and Equipment		(63 349 124)	(86 942 234)
Increase in Non-current Investments		(932 436)	(923 739)
NET CASH USED INVESTING ACTIVITIES		(63 501 224)	(87 570 973)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		10 420 279	-
Increase/(Decrease) in Consumer Deposits		(81 648)	2 714
Payments			
Loans repaid		(7 453 637)	(8 189 282)
NET CASH FROM/(USED) FINANCING ACTIVITIES		2 884 994	(8 186 568)
NET INCREASE/(DECREASE) IN CASH HELD		67 039 588	(422 889)
Cash and Cash Equivalents at the beginning of the year		63 900 561	64 323 450
Cash and Cash Equivalents at the end of the year		130 940 149	63 900 561

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	6 801 719	7 194 060	13 995 779	87 525 596	73 529 817
Call investment deposits	12 033 259	28 621 985	40 655 244	56 674 751	16 019 507
Consumer debtors	54 704 776	5 435 125	60 139 901	43 215 256	(16 924 645)
Other Receivables	20 312 080	5 290 869	25 602 949	14 319 726	(11 283 223)
Current portion of long-term receivables	1 361	10 653	12 014	1 361	(10 653)
Inventory	5 063 075	877 647	5 940 722	5 747 847	(192 875)
Total current assets	98 916 270	47 430 338	146 346 608	207 484 536	61 137 928
Non current assets					
Long-term receivables	125	(125)	-	140	140
Investments	11 645 067	923 739	12 568 806	241 045	(12 327 761)
Investment property	65 754 588	191 482	65 946 070	68 105 086	2 159 016
Property, plant and equipment	866 081 639	(35 409 717)	830 671 921	835 899 227	5 227 306
Intangible Assets	1 152 126	(80 788)	1 071 338	1 037 629	(33 709)
Total non current assets	944 633 545	(34 375 409)	910 258 135	905 283 127	(4 975 008)
TOTAL ASSETS	1 043 549 814	13 054 929	1 056 604 743	1 112 767 663	56 162 919
LIABILITIES					
Current liabilities					
Borrowing	10 450 235	(2 696 035)	7 754 200	7 818 546	64 346
Consumer deposits	5 118 309	(128 340)	4 989 970	4 750 864	(239 105)
Trade and other payables	51 062 098	21 276 895	72 338 993	90 135 863	17 796 870
Provisions and Employee Benefits	22 128 757	(63 459)	22 065 297	21 520 976	(544 321)
Total current liabilities	88 759 399	18 389 062	107 148 461	124 226 250	17 077 789
Non current liabilities					
Borrowing	111 282 887	(26 927 483)	84 355 404	82 347 883	(2 007 521)
Provisions and Employee Benefits	124 896 770	20 633 305	145 530 075	141 410 549	(4 119 526)
Total non current liabilities	236 179 656	(6 294 178)	229 885 479	223 758 432	(6 127 046)
TOTAL LIABILITIES	324 939 055	12 094 884	337 033 939	347 984 682	10 950 743
NET ASSETS	718 610 759	960 045	719 570 804	764 782 981	45 212 176
COMMUNITY WEALTH					
Accumulated Surplus	705 225 190	1 920 261	707 145 450	743 960 793	36 815 342
Reserves	13 385 569	(960 215)	12 425 354	20 822 189	8 396 834
TOTAL COMMUNITY WEALTH/EQUITY	718 610 759	960 045	719 570 804	764 782 981	45 212 176

Refer to note 53.2 for explanations of material variances.

Material variances are considered to be any variances greater than R5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property Rates	100 604 060	-	100 604 060	101 759 520	1 155 460
Service Charges - Electricity Revenue	85 711 895	1 050 000	86 761 895	87 904 083	1 142 188
Service Charges - Water Revenue	72 707 943	(5 811 200)	66 896 743	72 368 259	5 471 516
Service Charges - Sanitation Revenue	32 562 028	1 008 236	33 570 264	31 012 199	(2 558 065)
Service Charges - Refuse Revenue	34 046 544	1 058 154	35 104 698	32 686 769	(2 417 929)
Rental of Facilities and Equipment	2 035 200	-	2 035 200	1 810 592	(224 608)
Interest Earned - External Investments	6 158 600	-	6 158 600	9 846 515	3 687 915
Interest Earned - Outstanding Debtors	8 000 000	8 000 000	16 000 000	16 472 261	472 261
Fines, Penalties and Forfeits	32 119 060	18 156 940	50 276 000	40 182 926	(10 093 074)
Licences and Permits	58 300	(26 300)	32 000	35 678	3 678
Agency Services	6 146 389	402 463	6 548 852	6 898 029	349 177
Transfers Recognised - Operational	146 043 306	5 344 838	151 388 144	116 115 262	(35 272 882)
Other Revenue	6 480 994	(98 443)	6 382 551	24 072 729	17 690 178
Total Revenue (excluding capital transfers)	532 674 319	29 084 688	561 759 007	541 164 822	(20 594 185)
EXPENDITURE					
Employee Related Costs	201 997 634	59 128	202 056 762	192 825 882	(9 230 880)
Remuneration of Councillors	12 179 060	-	12 179 060	11 706 906	(472 154)
Debt Impairment	57 890 471	20 498 713	78 389 184	73 352 663	(5 036 521)
Depreciation and Asset Impairment	31 304 799	-	31 304 799	20 810 756	(10 494 043)
Finance Charges	22 361 693	-	22 361 693	18 698 906	(3 662 787)
Bulk Purchases	75 374 025	-	75 374 025	76 381 521	1 007 496
Other material	61 848 990	(2 483 531)	59 365 459	-	(59 365 459)
Contracted Services	44 695 270	9 218 356	53 913 626	38 237 575	(15 676 051)
Transfers and Grants	232 260	114 367	346 627	2 642 281	2 295 654
Other Expenditure	43 298 200	2 234 256	45 532 456	65 288 750	19 756 294
Loss on Disposal of PPE	-	-	-	1 027 163	1 027 163
Total Expenditure	551 182 402	29 641 289	580 823 691	500 972 402	(79 851 289)
Surplus/(Deficit)	(18 508 083)	(556 601)	(19 064 684)	40 192 419	59 257 103
Transfers Recognised - Capital	47 347 694	(4 609 335)	42 738 359	34 341 177	(8 397 182)
Contributed Assets	-	140 000	140 000	13 183 602	13 043 602
Surplus/(Deficit) for the year	28 839 611	(5 025 936)	23 813 675	87 717 198	63 903 523

Refer to note 53.3 for explanations of material variances.

Material variances are considered to be any variances greater than R5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2019

	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	87 112 332	(3 631 111)	83 481 220	100 519 945	17 038 725
Service charges	194 850 478	(10 358 120)	184 492 358	190 299 250	5 806 893
Other revenue	19 664 760	828 750	20 493 510	31 413 800	10 920 291
Government	193 391 000	(12 388 435)	181 002 565	179 626 528	(1 376 037)
Interest	13 085 742	6 349 653	19 435 395	9 846 515	(9 588 880)
Payments					
Suppliers and Employees	(441 357 893)	24 387 299	(416 970 594)	(372 725 314)	44 245 280
Finance Charges	(12 782 977)	-	(12 782 977)	(8 682 626)	4 100 351
Transfers and Grants	(232 260)	(114 367)	(346 627)	(2 642 281)	(2 295 654)
Net Cash from/(used) Operating Activities	53 731 181	5 073 669	58 804 850	127 655 818	68 850 968
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	780 337	780 337
Decrease/(Increase) in Other Non-Current Receivables	1 361	13 384	14 744	(932 436)	(947 181)
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital Assets	(78 755 666)	5 494 267	(73 261 399)	(63 349 124)	9 912 275
Net Cash from/(used) Investing Activities	(78 754 305)	5 507 650	(73 246 655)	(63 501 224)	9 745 431
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	10 420 279	3 724 536	14 144 815	10 420 279	(3 724 536)
Increase/(Decrease) in Consumer Deposits	289 716	(7 265)	282 451	(81 648)	(364 099)
Payments					
Repayment of Borrowing	(8 462 730)	(772 270)	(9 235 000)	(7 453 637)	1 781 363
Net Cash from/(used) Financing Activities	2 247 264	2 945 002	5 192 266	2 884 994	(2 307 272)
NET INCREASE/(DECREASE) IN CASH HELD	(22 775 859)	13 526 321	(9 249 538)	67 039 588	76 289 126
Cash and Cash Equivalents at the year begin	41 610 837	22 289 724	63 900 561	63 900 561	-
Cash and Cash Equivalents at the year end	18 834 978	35 816 045	54 651 023	130 940 149	76 289 126

Refer to note 53.4 for explanations of material variances.

Material variances are considered to be any variances greater than R5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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 2019

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 1 (2018)	Presentation of Financial Statements	1 April 2020
GRAP 21 (2018)	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 26 (2018)	Impairment of Cash-generating Assets	1 April 2020
GRAP 104 (2018)	Financial Instruments	1 April 2020

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 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.

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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 34 - Separate Financial Statements (effective 1 April 2020)

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.

1.08.1.4 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

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.

1.08.1.5 GRAP 36 - Investments in Associates and Joint Ventures (effective 1 April 2020)

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.

1.08.1.6 GRAP 37 - Joint Arrangements (effective 1 April 2020)

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.

1.08.1.7 GRAP 38 - Disclosure of Interests in Other Entities (effective 1 April 2020)

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.

1.08.1.8 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.

1.08.1.9 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.

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1.08.1.10 iGRAP 1 (Revised) - Applying The Probability Test On Initial Recognition Of Revenue (effective 1 April 2020)

This Interpretation addresses the manner in which an entity applies the probability test on initial recognition of:

- (a) exchange revenue in accordance with GRAP 9; and
- (b) non-exchange revenue in accordance with GRAP 23.

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

1.08.1.11 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.

1.08.1.12 iGRAP 18 - 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.

1.08.1.13 iGRAP 19 - 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.

1.08.1.14 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

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

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.

All Standards of GRAP currently issued, have effective dates.

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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 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 incurred 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.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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 2019

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 2019

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.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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 2019

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 2019

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 2019

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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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CASH AND CASH EQUIVALENTS

Bank Accounts	87 515 246	23 234 967
Call Investment Deposits	43 414 553	40 655 244
Cash Floats	10 350	10 350

Total	130 940 149	63 900 561
--------------	--------------------	-------------------

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	41 641 950	17 097 285
Unspent Public Contributions	259 792	421 637
Capital Replacement Reserve	20 822 188	12 425 354
Working Capital Requirements	68 216 219	33 956 286

Total Cash and Cash Equivalents	130 940 149	63 900 561
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2.1 Bank Accounts

ABSA Bank Limited - Account Number 40-5786-6237 (Primary Bank Account)	87 515 246	23 234 967
ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)	-	-
ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)	-	-

Total	87 515 246	23 234 967
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ABSA Bank Limited - Account Number 40-5786-6237 (Primary Bank Account)

Cash book balance at beginning of year	23 234 967	26 279 841
Cash book balance at end of year	87 515 246	23 234 967
Bank statement balance at beginning of year	22 993 423	25 737 671
Bank statement balance at end of year	87 261 663	22 993 423

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)

2.2 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	11 940 382	11 176 363
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5415	24 395 791	22 834 800
ABSA Bank Limited	- Notice deposit	- Account number 90-9522-5460	7 078 380	6 644 081
			43 844 778	41 085 468
Less: Provision for Impairment			(430 224)	(430 224)
Total			43 414 553	40 655 244

An amount of R 430 224 (2018: 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	178 287 218	153 489 783
Water	8 667 360	7 772 202
Refuse	50 908 739	43 256 123
Sewerage	40 003 984	36 384 199
Other	35 514 715	31 323 168
	43 192 420	34 754 091

Other Receivables

Prepayments	2 836 668	2 551 472
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Total Gross Balance

	181 123 886	156 041 255
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Less: Allowance for Debt Impairment

Total Net Receivable

As previously reported		33 606 683
Correction of error restatement - note 49.2		(3 864 252)
Restated balance		29 742 430

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	126 298 825	105 896 302
Movement in the contribution to the provision	43 954 671	41 243 198
Bad Debts Written off	(25 372 143)	(22 620 693)
Transfer to long-term receivables	-	1 780 018
Balance at the end of the year	144 881 353	126 298 825

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 2019			
Service Receivables			
Electricity	8 667 360	(908 597)	7 758 763
Water	50 908 739	(35 064 494)	15 844 245
Refuse	40 003 984	(36 353 263)	3 650 721
Sewerage	35 514 715	(30 499 757)	5 014 958
Other	43 192 420	(42 055 242)	1 137 178
Other Receivables			
Prepayments	2 836 668	-	2 836 668
Total	181 123 886	(144 881 353)	36 242 533
30 June 2018			
Service Receivables			
Electricity	7 772 202	(1 864 826)	5 907 376
Water	43 256 123	(33 013 334)	10 242 789
Refuse	36 384 199	(32 874 775)	3 509 424
Sewerage	31 323 168	(26 617 464)	4 705 704
Other	34 754 091	(31 928 426)	2 825 665
Other Receivables			
Prepayments	2 551 472	-	2 551 472
Total	156 041 255	(126 298 825)	29 742 430
Ageing of Receivables from Exchange Transactions			
Electricity			
Current (0 - 30 days)		6 507 357	4 912 351
1 to 3 months		1 394 860	1 767 716
Longer than 3 months		765 143	1 092 135
Total		8 667 360	7 772 202
Water			
Current (0 - 30 days)		11 389 453	8 280 250
1 to 3 months		7 336 875	6 545 420
Longer than 3 months		32 182 412	28 430 453
Total		50 908 739	43 256 123
Refuse			
Current (0 - 30 days)		2 980 060	2 602 666
1 to 3 months		4 081 992	4 195 263
Longer than 3 months		32 941 932	29 586 270
Total		40 003 984	36 384 199
Sewerage			
Current (0 - 30 days)		4 404 181	3 222 181
1 to 3 months		3 638 427	4 252 267
Longer than 3 months		27 472 107	23 848 720
Total		35 514 715	31 323 168
Other			
Current (0 - 30 days)		1 703 462	1 836 018
1 to 3 months		3 858 573	3 893 364
Longer than 3 months		37 630 385	29 024 710
Total		43 192 420	34 754 091
Summary Ageing of all Receivables from Exchange Transactions			
Current (0 - 30 days)		26 984 512	20 853 466
1 to 3 months		20 310 726	20 654 030
Longer than 3 months		130 991 980	111 982 287
Total		178 287 219	153 489 783

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Property Rates

34 500 001

35 707 240

Other Receivables

51 699 823

56 239 090

Unpaid Traffic Fines

50 281 835

55 105 850

Suspense Debtors

1 417 988

1 133 240

Total Gross Balance

86 199 824

91 946 330

Less: Allowance for Debt Impairment

(69 716 392)

(75 791 728)

Total Net Receivable

16 483 432

16 154 602

As previously reported

16 232 180

Correction of error restatement - note 49.2

(252 033)

Correction of error restatement - note 49.4

174 455

Restated balance

16 154 602

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

75 791 728

54 480 060

Movement in the contribution to the provision

30 947 813

42 072 859

Bad Debts Written off

(37 023 149)

(21 708 025)

Transfer to long-term receivables

-

946 834

Balance at the end of the year

69 716 392

75 791 728

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 2019			
Service Receivables			
Property Rates	34 500 001	(24 690 610)	9 809 391
Other Receivables			
Unpaid Traffic Fines	50 281 835	(45 025 782)	5 256 053
Suspense Debtors	1 417 988	-	1 417 988
Total	86 199 824	(69 716 392)	16 483 432
30 June 2018			
Service Receivables			
Property Rates	35 707 240	(27 446 086)	8 261 155
Other Receivables			
Unpaid Traffic Fines	55 105 850	(48 345 642)	6 760 207
Suspense Debtors	1 133 240	-	1 133 240
Total	91 946 330	(75 791 728)	16 154 602

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Non-Exchange Transactions

Property Rates

Current (0 - 30 days)	6 070 719	5 883 789
1 to 3 months	3 402 630	4 846 376
Longer than 3 months	25 026 652	24 977 075
Total	34 500 001	35 707 240

5 UNPAID CONDITIONAL GOVERNMENT GRANTS

National Government Grants	-	4 625 423
Total	-	4 625 423

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

6 TAXES

VAT Receivable	4 369 051	7 721 185
VAT Payable prior to Allowance for Debt Impairment	(8 939 362)	(4 037 406)
Less: VAT on Allowance for Debt Impairment	13 308 412	11 758 591
Total	4 369 051	7 721 185
As previously reported		8 326 291
Correction of error restatement - note 49.4		(605 106)
Restated balance		7 721 185

Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	11 758 591	10 415 965
Debt Impairment for current year	1 549 822	1 342 625
Balance at the end of the year	13 308 412	11 758 591

7 OPERATING LEASES

7.1 OPERATING LEASE ASSET

Operating Lease Asset	439 966	533 076
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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	533 076	539 922
Movement during the year	(93 110)	(6 846)
Balance at the end of the year	439 966	533 076

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

Within 1 Year	862 783	550 012
Between 1 and 5 Years	596 724	873 830
After 5 Years	1 157 618	1 300 551
Total operating lease payments	2 617 126	2 724 393

The prior year's total lease payments indicated an amount of R3 293 277. This amount has been restated to R2 724 393 due to minor calculation errors, duplications and omissions.

THE WATERSKLOOF LOCAL MUNICIPALITY

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7 OPERATING LEASES (CONTINUED)

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 1 to 99 years with escalations of between 0% and 20% per annum.

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

8 LONG-TERM RECEIVABLES

Receivables with repayment arrangements	-	23 911
Individual Housing Loans	1 501	2 847
Sub-Total	1 501	26 759
Less: Current portion of Long-term Receivables	(1 361)	(14 744)
Receivables with repayment arrangements	-	(13 384)
Individual Housing Loans	(1 361)	(1 361)
Total Gross Balance	140	12 014
Less: Allowance for Debt Impairment	-	-
Total	140	12 014

Receivables with repayment arrangements

As on 30 June 2019, no arrangements with debtors were made. As on 30 June 2018, debtors amounting to R23 911 arranged to settle their account over an re-negotiated period. Total payments to the value of R10 528 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
Transfer from Receivables from Exchange Transactions	-	(1 780 018)
Transfer from Receivables from Non-Exchange Transactions	-	(946 834)
Balance at the end of the year	-	-

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.

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	2019	2018
9 INVENTORY		
Maintenance Materials	5 059 993	5 386 995
Water	687 854	553 727
Total	5 747 847	5 940 722
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	7 319	27 020
Inventory recognised as an expense during the year	9 223 877	10 907 288
10 INVESTMENT PROPERTY		
Investment Property - Carrying Value	68 105 086	66 564 169
As previously reported		66 447 569
Correction of error restatement - note 49.2		116 600
Restated balance		66 564 169
The carrying value of Investment Property is reconciled as follows:		
Opening Carrying Value	66 564 169	66 883 906
Cost	71 186 654	71 445 536
Accumulated Depreciation	(691 129)	(630 274)
Accumulated Impairment	(3 931 356)	(3 931 356)
Additions	-	-
Reversal of impairment	1 601 772	-
Disposals	-	(258 882)
Cost	-	(258 882)
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
Depreciation	(60 855)	(60 855)
Closing Carrying Value	68 105 086	66 564 169
Cost	71 186 654	71 186 654
Accumulated Depreciation	(751 984)	(691 129)
Accumulated Impairment	(2 329 584)	(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	1 596 244	1 587 216
Repairs and maintenance incurred on Investment Properties		
Revenue generating properties	-	-
Non-revenue generating properties	-	-
Total Repairs and Maintenance	-	-

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11 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2019				
Land and Buildings	117 927 843	(5 324 687)	(2 660 710)	109 942 446
Infrastructure	819 019 862	(143 311 330)	-	675 708 532
Community Assets	763 623	(429 967)	-	333 656
Leased Assets	-	-	-	-
Other Assets	58 616 955	(19 226 056)	-	39 390 900
Total	996 328 283	(168 292 040)	(2 660 710)	825 375 533
30 June 2018				
Land and Buildings	104 706 771	(4 647 817)	(5 245 710)	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	55 056 172	(18 125 619)	-	36 930 553
Total	924 065 195	(152 300 870)	(5 245 710)	766 518 615
As previously reported				766 263 070
Correction of error restatement - note				255 545
Restated balance				766 518 615
Repairs and Maintenance were incurred on the following asset classes:				
Land and Buildings			8 617 718	5 932 804
Infrastructure			10 901 354	8 854 354
Community Assets			549 235	437 710
Other Assets			5 065 402	5 438 535
Total			25 133 708	20 663 402

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 2019

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment						Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfers	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Transfers	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
30 June 2019													
Land and Buildings	104 706 771	37 470	-	13 183 602	-	117 927 843	9 893 527	676 870	(2 585 000)	-	-	7 985 397	109 942 446
Land	40 284 175	-	-	-	-	40 284 175	5 245 710	-	(2 585 000)	-	-	2 660 710	37 623 465
Buildings	62 108 572	-	-	13 183 602	-	75 292 174	4 647 817	676 870	-	-	-	5 324 687	69 967 487
Work in progress	2 314 025	37 470	-	-	-	2 351 495	-	-	-	-	-	-	2 351 495
Infrastructure	762 974 592	56 045 269	-	-	-	819 019 862	128 635 908	14 675 422	-	-	-	143 311 330	675 708 532
Roads and Storm water	210 285 092	-	-	-	11 442 544	221 727 636	53 400 273	3 603 379	-	-	-	57 003 652	164 723 984
Electricity Network	95 702 734	-	-	-	145 864	95 848 598	15 381 558	2 194 611	-	-	-	17 576 169	78 272 429
Sewerage Network	189 275 577	-	-	-	2 226 316	191 501 893	27 102 725	4 350 576	-	-	-	31 453 301	160 048 593
Water Network	166 557 705	-	-	-	8 658 112	175 215 816	32 382 576	4 354 952	-	-	-	36 737 528	138 478 288
Refuse Removal	5 966 816	-	-	-	5 987 021	11 953 837	368 776	171 903	-	-	-	540 680	11 413 157
Work in progress	95 186 669	56 045 269	-	-	(28 459 857)	122 772 081	-	-	-	-	-	-	122 772 081
Community Assets	763 623	-	-	-	-	763 623	407 223	22 745	-	-	-	429 967	333 656
Parks and Gardens	561 924	-	-	-	-	561 924	205 524	22 745	-	-	-	228 268	333 656
Cemeteries	201 699	-	-	-	-	201 699	201 699	-	-	-	-	201 699	-
Leased Assets	564 037	-	-	-	(564 037)	-	484 304	-	-	-	(484 304)	-	-
Office Equipment	564 037	-	-	-	(564 037)	-	484 304	-	-	-	(484 304)	-	-
Other Assets	55 056 172	7 266 385	(4 269 639)	-	564 037	58 616 955	18 125 619	3 136 998	-	(2 520 866)	484 304	19 226 056	39 390 900
Vehicles	4 837 788	2 140 513	(247 399)	-	-	6 730 903	1 536 043	325 547	-	(150 873)	-	1 710 717	5 020 186
Tools & Equipment	8 572 046	1 041 881	(1 352 921)	-	(362 794)	7 898 211	3 975 703	508 330	-	(872 492)	(50 193)	3 561 348	4 336 863
Furniture	2 352 054	839 550	(101 490)	-	(11 832)	3 078 282	1 005 363	161 237	-	(46 660)	-	1 119 940	1 958 341
Special Vehicles	28 269 382	-	(720 474)	-	-	27 548 908	7 015 589	1 324 624	-	(406 520)	-	7 933 694	19 615 214
Tables	513 166	-	(39 657)	-	-	473 509	258 861	26 234	-	(24 846)	-	260 248	213 261
Chairs	1 000 779	-	(81 045)	-	-	919 733	468 802	59 423	-	(43 059)	-	485 167	434 566
Office Equipment	3 307 469	609 839	(650 797)	-	374 626	3 641 137	1 626 313	237 575	-	(332 265)	50 193	1 581 816	2 059 321
Computer Hardware	5 912 597	2 634 601	(1 028 032)	-	564 037	8 083 203	2 122 281	476 646	-	(629 672)	484 304	2 453 560	5 629 643
Other	290 892	-	(47 824)	-	-	243 069	116 664	17 381	-	(14 479)	-	119 566	123 503
	924 065 195	63 349 124	(4 269 639)	13 183 602	-	996 328 283	157 546 580	18 512 035	(2 585 000)	(2 520 866)	-	170 952 750	825 375 533

THEEWATERSKLOOF LOCAL MUNICIPALITY

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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	Contributed Assets	Transfers	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Transfers	Closing Balance	
	R	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	356 401
Parks and Gardens	561 924	-	-	-	-	561 924	182 144	23 379	-	-	-	205 524	356 400
Cemeteries	201 699	-	-	-	-	201 699	201 699	-	-	-	-	201 699	0
Lease 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	50 940 431	6 274 273	(2 340 289)	181 756	-	55 056 172	15 905 117	3 061 538	-	(841 036)	-	18 125 619	36 930 553
Vehicles	4 945 791	161 300	(269 304)	-	-	4 837 788	1 252 605	322 670	-	(39 233)	-	1 536 043	3 301 745
Tools & Equipment	8 962 543	819 685	(1 210 183)	-	-	8 572 046	3 939 502	595 767	-	(559 566)	-	3 975 703	4 596 343
Furniture	2 277 938	124 944	(50 829)	-	-	2 352 054	867 097	159 489	-	(21 223)	-	1 005 363	1 346 691
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	5 212 106	571 778	(47 143)	175 856	-	5 912 597	1 708 378	438 194	-	(24 290)	-	2 122 281	3 790 316
Other	337 401	-	(46 508)	-	-	290 892	104 254	20 105	-	(7 695)	-	116 664	174 228
	840 094 929	86 942 234	(3 243 724)	271 756	-	924 065 195	139 300 609	18 744 815	349 837	(848 681)	-	157 546 580	766 518 615

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12 INTANGIBLE ASSETS

Intangible Assets - Carrying Value

1 037 629

1 243 880

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value

1 243 880

1 406 277

Cost

2 242 407

2 242 407

Accumulated Depreciation

(998 528)

(836 131)

Accumulated Impairment

-

-

Additions

-

-

Amortisation

(147 524)

(162 397)

Disposal

(58 726)

-

Cost

(520 892)

-

Accumulated Depreciation

462 166

-

Closing Carrying Value

1 037 629

1 243 880

Cost

1 721 516

2 242 407

Accumulated Depreciation

(683 886)

(998 528)

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	1 037 629	1 243 880

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

10 523 694

6 579 598

The movement in capitalised restoration cost is reconciled as follows:

Opening 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)

Additions

6 034 437

2 156 302

Depreciation

(1 578 495)

(4 613 546)

Reversal of Impairments / (Impairments)

(511 847)

(190 250)

Closing Carrying Value

10 523 694

6 579 598

Cost

47 988 462

41 954 024

Accumulated Depreciation

(29 428 980)

(27 850 485)

Accumulated Impairments

(8 035 788)

(7 523 941)

The estimated useful life of the Caledon landfill site was increased by 2 years, while Genadendal, Greyton and Riviersonderend were increased by 5 years. The reason for the increase is due to transfers stations which are still under construction, which required the Municipality to apply for an extension on the operating licences for the current sites.

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

241 045

216 096

Fixed Deposits

-

12 352 710

Total

241 045

12 568 806

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

241 045

216 096

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

13 260 197

12 352 710

Transferred to Current Investments

(13 260 197)

-

Total

-

12 352 710

The fixed deposit is ring-fenced for the repayment of stock loans as per note 16.

The fixed deposit will mature in September 2019 and is therefore disclosed as a current asset. A new fixed deposit will thereafter be taken up in order to serve as security for the stock loans as per note .

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LONG-TERM LIABILITIES

Annuity Loans	73 143 460	70 176 818
Stock Loans	17 022 969	17 022 969
Sub-Total	90 166 429	87 199 787
Less: Current portion of Long-term Liabilities	7 818 546	7 454 200
Annuity Loans	6 818 546	7 454 200
Stock Loans	1 000 000	-
Total	82 347 883	79 745 587
Long-term Liabilities were utilised as follow:		
Total Long-term Liabilities taken up	90 166 429	87 199 787
Used to finance Property, Plant and Equipment at cost	(90 166 429)	(87 199 787)
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	6 011 180	6 420 224
DBSA BANK - 10 & 20 year (Loan No. 103108/1)	11.44%	30/09/2028	7 119 182	7 562 393
ABSA BANK - 11 year (10858/1 (Electricity, Water, Sewerage))	11.14%	31/12/2018	-	109 276
ABSA BANK - 11 year (10858/2 (Sewerage))	11.14%	31/12/2018	-	16 707
DBSA BANK - 20 year (13343(Electricity))	16.50%	31/12/2019	16 261	45 167
DBSA BANK - 20 year (13705/102 (Electricity))	15.75%	30/06/2020	14 908	27 719
DBSA BANK - 20 year (103313.1)	9.85%	31/03/2029	16 258 319	17 180 627
DBSA BANK - 15 year (103313.2)	9.97%	31/03/2024	3 260 385	3 742 635
DBSA BANK - 10 year (103313.3)	10.00%	31/03/2019	-	159 045
STANDARD BANK - 10 year (72479981)	11.72%	31/07/2020	695 438	1 097 282
DBSA BANK - 20 year (103817/3)	11.06%	31/12/2030	9 064 443	9 442 617
STANDARD BANK- 15 year (272400572)	12.22%	30/06/2026	5 573 497	6 055 663
ABSA BANK - 15 year (40-7908-8994)	10.79%	27/06/2027	8 446 833	9 086 656
ABSA BANK - 7 year (40-7908-9071)	9.42%	27/06/2019	-	1 555 326
ABSA BANK - 7 year (8259-8788)	8.25%	27/06/2019	-	68 962
ABSA BANK - 7 year (8259-9091)	8.25%	27/06/2019	-	17 764
ABSA BANK - 7 year (8259-9741)	8.25%	27/06/2019	-	109 593
ABSA BANK - 7 year (387230962)	10.09%	21/06/2021	1 076 690	1 540 682
ABSA BANK - 10 year (387230963)	10.63%	27/06/2024	5 186 045	5 938 480
ABSA - 5 year (3050777771)	8.95%	30/06/2024	2 000 000	-
ABSA - 7 year (3050777789)	9.19%	30/06/2026	2 500 000	-
ABSA - 10 year (3050777763)	9.62%	30/06/2029	3 288 700	-
NEDBANK - 15 year (05/78310356050)	10.45%	30/06/2034	2 631 579	-
Total			73 143 460	70 176 818

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	14 309 937	14 680 101
Payable within two to five years	53 462 137	47 153 240
Payable after five years	46 113 227	50 301 426
Total amount payable	113 885 301	112 134 766
Less: Outstanding Future Finance Charges	(40 741 841)	(41 957 948)
Present value of annuity loans	73 143 460	70 176 818

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16 LONG-TERM LIABILITIES (CONTINUED)

Stock Loans

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

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA BANK - 15 year (1022754)	9.39%	31/03/2022	1 553 169	1 553 169
DBSA BANK - 20 year (1022755)	9.29%	31/03/2027	8 469 800	8 469 800
DBSA BANK - 20 year (1014871)	9.46%	31/12/2024	6 000 000	6 000 000
DBSA BANK - 15 year (1014872)	9.77%	31/12/2019	1 000 000	1 000 000
Total			17 022 969	17 022 969

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

Stock loans are payable as follows:

Payable within one year	2 553 815	1 598 596
Payable within two to five years	7 266 669	8 462 064
Payable after five years	17 116 487	18 474 906
Total amount payable	26 936 971	28 535 567
Less: Outstanding Future Finance Charges	(9 914 002)	(11 512 598)
Present value of stock loans	17 022 969	17 022 969

17 CONSUMER DEPOSITS

Water and Electricity Deposits	4 750 864	4 832 519
As previously reported		4 707 519
Correction of error restatement - note 49.2		125 000
Restated balance		4 832 519

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

18 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	30 986 742	22 507 232
Retentions	7 410 010	8 236 802
Payments Received in Advance	5 692 828	4 772 375
Unused Pre-paid Electricity	921 752	853 027
Sundry Deposits	2 228 969	2 884 962
Accrued Interest	874 617	1 018 849
Land Sales Deposits	119 203	404 144
Total	48 234 121	40 677 390
As previously reported		41 446 969
Correction of error restatement - note 49.4		(769 579)
Restated balance		40 677 390

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.

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	2019	2018
19 UNSPENT CONDITIONAL GOVERNMENT GRANTS		
National Government	29 107 839	1 303 675
Provincial Government	12 153 673	15 519 678
Other Grant Providers	380 438	273 932
Total	41 641 950	17 097 285
<p>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.</p> <p>No grants were withheld in the current year.</p> <p>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.</p> <p>Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.</p>		
20 UNSPENT PUBLIC CONTRIBUTIONS		
Hogeschool van Arnhem en Nijmegen (HAN)	259 792	421 637
Industrial Development Corporation (IDC)	-	-
Total	259 792	421 637
<p>Detail reconciliations of all public contributions received are included in note 27. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.</p> <p>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.</p>		
21 CURRENT EMPLOYEE BENEFITS		
Bonuses	4 688 468	4 484 454
Staff Leave	13 215 605	12 723 890
Performance Bonuses	466 224	715 325
Pension	21 237	23 545
Group Insurance	241 046	216 096
Overtime	712 072	720 591
Current portion of Non-Current Employee Benefits - note 22	2 176 324	1 932 417
Post Retirement Medical Benefits	1 415 053	1 264 269
Long Service Awards	761 271	668 148
Total	21 520 976	20 816 318
<p>The movement in current employee benefits are reconciled as follows:</p> <p>Bonuses</p>		
Opening Balance	4 484 454	4 030 661
Contribution during the year	9 483 894	9 285 637
Payments made	(9 279 881)	(8 831 844)
Balance at the end of the year	4 688 468	4 484 454

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.

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21 CURRENT EMPLOYEE BENEFITS (CONTINUED)

Staff Leave

Opening Balance	12 723 890	11 544 398
Contribution during the year	1 460 685	1 863 662
Payments made	(968 970)	(684 170)
Balance at the end of the year	13 215 605	12 723 890

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.

Performance Bonuses

Opening Balance	715 325	1 062 639
Contribution during the year	355 149	267 451
Payments made	(604 250)	(614 765)
Balance at the end of the year	466 224	715 325

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.

Pension

Opening Balance	23 545	31 333
Payments made	(2 308)	(7 788)
Balance at the end of the year	21 237	23 545

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.

Group Insurance

Opening Balance	216 096	199 843
Fair Value adjustment during the year	24 950	16 253
Balance at the end of the year	241 046	216 096

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	720 591	467 232
Contribution during the year	712 072	720 591
Payments made	(720 591)	(467 232)
Balance at end of year	712 072	720 591

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

22 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	38 922 418	44 815 773
Long Service Awards	9 684 129	7 194 517

Sub-Total

Less: Current portion of Employee Benefits	2 176 324	1 932 417
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Post Retirement Medical Benefits
Long Service Awards

1 415 053	1 264 269
761 271	668 148

Total

46 430 223	50 077 873
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22 EMPLOYEE BENEFITS (CONTINUED)

22.1 Post Retirement Medical Benefits

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

Opening Balance	44 815 773	43 058 819
Contribution during the year	7 289 633	6 915 551
Current Service Cost	3 028 927	2 795 800
Interest Cost	4 260 706	4 119 751
Payments made	(1 420 922)	(1 433 017)
Actuarial Loss/(Gain)	(11 762 066)	(3 725 580)
Total balance at year-end	38 922 418	44 815 773
Less: Current portion	(1 415 053)	(1 264 269)
Total	37 507 365	43 551 504

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

In-service members	221	217
In-service non-members	413	416
Continuation members	35	33
Total	669	666

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 2019	17 142 566	4 366 349	17 413 503	38 922 418
30 June 2018	24 701 954	5 513 647	14 600 172	44 815 773
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

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 2019	974 000	-
30 June 2018	(781 000)	-
30 June 2017	(1 098 000)	-
30 June 2016	(1 351 000)	-
30 June 2015	(68 000)	-

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

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

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22 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	9.41%	9.64%
Health Care Cost Inflation Rate	6.87%	7.43%
Net Effective Discount Rate	2.38%	2.06%
Maximum Subsidy Inflation Rate	4.78%	5.20%
Net Discount Rate for Capped Subsidies	4.42%	4.22%

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

A discount rate of 9.41% per annum has been used. The corresponding index-linked yield at this term is 3.36%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Stock Exchange of South Africa after the market close on 28 June 2019.

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 62 (2018: 60), which then implicitly allows for expected rates of early and ill-health retirement.

iv) Last Valuation

The last valuation was performed on 30 July 2019.

v) Actuarial Valuation Method

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

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	21 508 915	17 413 503	38 922 418	
Health care inflation (+ 1%)	23 474 000	18 211 000	41 685 000	7%
Health care inflation (- 1%)	18 872 000	16 429 000	35 301 000	-9%
Discount rate (+ 1%)	17 809 000	15 975 000	33 784 000	-13%
Discount rate (- 1%)	26 322 000	19 096 000	45 418 000	17%
Post-retirement mortality (- 1 year)	22 044 000	17 991 000	40 035 000	3%
Average retirement age (- 1 year)	23 604 000	17 414 000	41 018 000	5%
Continuation of membership after retirement (- 10%)	16 543 000	17 414 000	33 957 000	-13%

Sensitivity Analysis - Future Service and Interest Cost

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2019/20	2 119 600	3 597 500	5 717 100	
Health care inflation (+ 1%)	2 319 200	3 857 100	6 176 300	8%
Health care inflation (- 1%)	1 840 500	3 257 000	5 097 500	-11%
Discount rate (+ 1%)	1 737 000	3 445 100	5 182 100	-9%
Discount rate (- 1%)	2 622 800	3 761 300	6 384 100	12%
Post-retirement mortality (- 1 year)	2 171 200	3 702 200	5 873 400	3%
Average retirement age (- 1 year)	2 274 000	3 794 700	6 068 700	6%
Continuation of membership after retirement (- 10%)	1 634 400	3 130 200	4 764 600	-17%

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22 EMPLOYEE BENEFITS (CONTINUED)

22.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	7 194 517	6 696 850
Contribution during the year	1 300 709	1 188 507
Current Service Cost	708 056	662 548
Interest Cost	592 653	525 959
Payments made	(616 698)	(1 059 630)
Actuarial Loss/(Gain)	1 805 601	368 790
Total balance at year-end	9 684 129	7 194 517
Less: Current portion	(761 271)	(668 148)
Total	8 922 858	6 526 369

The Long Service Awards plans are defined benefit plans.

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

634	633
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The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

Unfunded Liability
R

30 June 2019	9 684 129
30 June 2018	7 194 517
30 June 2017	6 696 850
30 June 2016	6 299 489
30 June 2015	5 600 712

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 2019	142 031	-
30 June 2018	482 659	-
30 June 2017	218 446	-
30 June 2016	222 964	-
30 June 2015	125 780	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	8.33%	8.63%
General Salary Inflation (long-term)	5.66%	6.22%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.53%	2.27%

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

The discount rate of 8.33% 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 3.03%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Stock Exchange of South Africa after the market close on 28 June 2019.

ii) Last Valuation

The last valuation was performed on 30 July 2019.

iii) Actuarial Valuation Method

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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22 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation (+ 1%)	9 684 129	10 448 000	8%
General salary inflation (- 1%)	9 684 129	9 002 000	-7%
Discount rate (+ 1%)	9 684 129	8 986 000	-7%
Discount rate (- 1%)	9 684 129	10 481 000	8%
Average retirement age (- 2 years)	9 684 129	8 669 000	-10%
Average retirement age (+ 2 years)	9 684 129	10 894 000	12%
Withdrawal rates (- 50%)	9 684 129	11 387 000	18%

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 2019/20	973 100	775 600	1 748 700	
General salary inflation (+ 1%)	1 069 900	839 300	1 909 200	9%
General salary inflation (- 1%)	888 200	718 800	1 607 000	-8%
Discount rate (+ 1%)	894 800	803 700	1 698 500	-3%
Discount rate (- 1%)	1 063 600	740 800	1 804 400	3%
Average retirement age (- 2 years)	883 900	691 700	1 575 600	-10%
Average retirement age (+ 2 years)	1 080 400	876 000	1 956 400	12%
Withdrawal rates (- 50%)	1 223 300	917 500	2 140 800	22%

22.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	138 166	148 323
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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 2018 revealed that the fund is in a sound financial position with a funding level of 103.7% (30 June 2017 - 102.6%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	18 265 310	16 947 786
--	------------	------------

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2016 - 100.6%).

Total	18 403 476	17 096 108
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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.

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22 EMPLOYEE BENEFITS (CONTINUED)

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.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

Municipal Councillors Pension Fund	41 956	34 552
SALA Pension Fund	118 167	146 650
SAMWU National Provident Fund	2 243 513	2 188 843
IMATU Provident Fund	103 715	45 606
Total	2 507 351	2 415 651

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	94 980 327	83 931 240
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	83 931 240	77 229 586
Contribution during the year	11 049 086	6 701 654
Increase/(Decrease) in estimate allocated to Capital Restoration Cost Asset	6 034 437	2 156 302
Increase/(Decrease) in estimate allocated to Statement of Financial Performance	(148 272)	(242 353)
Interest Cost	5 162 921	4 787 705
Expenditure incurred	-	-
Total balance at year-end	94 980 327	83 931 240
Less: Current portion	-	-
Total	94 980 327	83 931 240

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	59 661 m2	2021	33 206 467	29 307 353
Genadendal	20 490 m2	2024	12 676 767	9 448 816
Greyton	16 978 m2	2024	10 843 227	9 672 572
Riviersonderend	10 720 m2	2024	9 780 745	9 021 875
Villiersdorp	21 110 m2	2021	13 694 589	12 418 815
Botriver	17 537 m2	2021	14 778 532	14 061 810
Total			94 980 327	83 931 240

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%.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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24	RESERVES		
	Capital Replacement Reserve	20 822 188	12 425 354
	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
25	PROPERTY RATES		
	Rateable Land and Buildings	101 759 520	98 144 521
	Total	101 759 520	98 144 521
	As previously reported		98 396 554
	Correction of error restatement - note 49.2		(252 033)
	Restated balance		98 144 521
	Property rate levied are based on the following rateable valuations:		
	Residential (including Residential Vacant)	6 421 081 737	5 206 211 300
	Business and Commercial (Including vacant)	1 862 425 500	1 205 349 000
	Industrial (Including vacant)	298 583 000	-
	Mining	3 174 000	-
	Public benefit Organizations	98 480 000	23 825 500
	Public Service Infrastructure	51 423 500	-
	Public Service Purposes (formerly included in State-owned)	547 618 500	366 483 000
	Agricultural	15 891 893 000	7 890 329 750
	Total Valuation	25 174 679 237	14 692 198 550
	Rate that is applicable to the valuations above:		
	Residential (including Residential Vacant)	0.7924 c/R	1.0030 c/R
	Business and Commercial (Including vacant)	1.5847 c/R	2.2376 c/R
	Industrial (Including vacant)	1.5847 c/R	-
	Mining	1.5847 c/R	-
	Public benefit Organizations	0.1981 c/R	0.2508 c/R
	Public Service Infrastructure	0.1981 c/R	-
	Public Service Purposes (formerly included in State-owned)	1.5847 c/R	2.2376 c/R
	Agricultural	0.1390 c/R	0.2508 c/R
	Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2018. 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 is exempt from property rates for all residential properties valued R200 000 or less.		

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

87 385 000

77 911 000

87 385 000

77 911 000

Conditional Grants - National Government

29 692 413

41 055 410

Finance Management Grant (FMG)

1 700 000

1 700 000

Municipal Infrastructure Grant (MIG)

25 927 269

27 043 791

Expanded Public Works Programme (EPWP)

1 451 000

1 622 822

Integrated National Electrification Programme (INEP)

374 577

7 625 424

Municipal Drought Relieve (MDR)

239 567

2 885 764

Public Works

-

177 609

Conditional Grants - Provincial Government

32 900 893

27 673 200

Housing

21 771 228

16 440 552

Housing - Title Deeds

934 257

240 258

CDW Contribution

37 467

84 489

Thusong Multi Purpose Centre

64 408

459 704

Main Roads Subsidy

113 370

85 132

Financial Support Grant

1 211 187

330 000

Library Subsidy

8 056 217

7 499 090

Municipal Capacity Building Grant

336 461

363 400

Local Government Graduate Internship Allocation

-

40 000

Municipal Disaster Recovery (Water Supply Grant)

-

2 130 575

Sport and Recreation

376 298

-

Conditional Grants - Other Grant Providers

478 133

494 826

DBSA Local Economic Development

-

234 178

SETA

443 046

260 648

SANRAL

29 807

-

Economic Development

5 280

-

Total

150 456 439

147 134 436

Disclosed as:

Government Grants and Subsidies - Operating

116 115 262

96 988 944

Government Grants and Subsidies - Capital

34 341 177

50 145 492

Total

150 456 439

147 134 436

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

Equitable share

87 385 000

77 911 000

Vote 1 - Budget and treasury office

6 600 062

6 576 376

Vote 2 - Community and social services

8 056 216

7 499 090

Vote 3 - Corporate services

24 517 759

25 720 741

Vote 4 - Electricity

325 719

6 688 968

Vote 6 - Executive and council

37 467

84 489

Vote 7 - Housing

22 705 485

16 858 419

Vote 8 - Planning and development

69 688

693 881

Vote 10 - Road transport

143 177

85 132

Vote 11 - Sport and Recreation

376 298

-

Vote 14 - Water

239 567

5 016 340

Total

150 456 439

147 134 436

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

The movements per grant can be summarised as follows:

26.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received	87 385 000	77 911 000
Transferred to Revenue - Operating	(87 385 000)	(77 911 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
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	-	-
Grants Received	1 700 000	1 700 000
Transferred to Revenue - Operating	(1 700 000)	(1 700 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
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	910 078	1 549 184
Grants Received	25 052 000	26 404 685
Transferred to Revenue - Operating	(3 903 557)	(4 096 520)
Transferred to Revenue - Capital	(22 023 712)	(22 947 271)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	34 809	910 078

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	1 451 000	1 621 000
Transferred to Revenue - Operating	(1 451 000)	(1 622 822)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

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	-	-
Grants Received	5 000 000	3 000 000
Transferred to Revenue - Operating	(48 858)	(936 456)
Transferred to Revenue - Capital	(325 719)	(6 688 968)
Transfer to / (from) Receivables	(4 625 424)	4 625 424
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	248 016	-
Grants Received	-	3 133 780
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(239 567)	(2 885 764)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	8 449	248 016

The grant will be utilised for boreholes.

26.07 Public Works

Opening Unspent Balance	145 581	-
Grants Received	-	323 190
Transferred to Revenue - Operating	-	(23 190)
Transferred to Revenue - Capital	-	(154 419)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	145 581	145 581

This grant will utilised for security in Grabouw.

26.08 Water and Sanitation

Opening Unspent Balance	-	-
Grants Received	28 919 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	28 919 000	-

This grant will be utilised for the development of water resources.

26.09 Housing

Opening Unspent Balance	7 171 718	6 537 963
Grants Received	17 568 056	17 074 307
Transferred to Revenue - Operating	(10 658 777)	(1 119 466)
Transferred to Revenue - Capital	(11 112 451)	(15 321 086)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	2 968 546	7 171 718

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

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.10 Housing - Title Deeds

Opening Unspent Balance	6 415 742	-
Grants Received	862 176	6 656 000
Transferred to Revenue - Operating	(934 257)	(240 258)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	6 343 661	6 415 742

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

26.11 CDW Contribution

Opening Unspent Balance	37 467	-
Grants received	-	130 000
Transferred to Revenue - Operating	(37 467)	(84 489)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	(8 044)
Closing Unspent Balance	-	37 467

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

26.12 Thusong Multi Purpose Centre

Opening Unspent Balance	135 001	12 705
Grants received	-	582 000
Transferred to Revenue - Operating	(64 408)	(442 295)
Transferred to Revenue - Capital	-	(17 409)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	70 593	135 001

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

26.13 Main Roads Subsidy

Opening Unspent Balance	51 481	31 800
Grants received	117 000	104 813
Transferred to Revenue - Operating	(113 370)	(85 132)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	55 111	51 481

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

26.14 Financial Support Grant

Opening Unspent Balance	350 000	-
Grants received	1 330 000	680 000
Transferred to Revenue - Operating	(1 211 187)	(330 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	468 813	350 000

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

THEEWATERSKLOOF LOCAL MUNICIPALITY

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.15 Library Subsidy

Opening Unspent Balance	192 244	-
Grants received	8 326 656	7 718 000
Transferred to Revenue - Operating	(7 822 594)	(7 499 090)
Transferred to Revenue - Capital	(233 623)	-
Transfer to / (from) Receivables	-	(26 666)
Closing Unspent Balance	462 683	192 244

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

26.16 Municipal Capacity Building Grant

Opening Unspent Balance	576 600	700 000
Grants Received	930 000	240 000
Transferred to Revenue - Operating	(336 461)	(363 400)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	1 170 139	576 600

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.

26.17 Local Government Graduate Internship Allocation

Opening Unspent Balance	20 000	60 000
Grants Received	-	-
Transferred to Revenue - Operating	-	(40 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	20 000	20 000

This grant will be utilised for the recruitment of interns.

26.18 Municipal Disaster Recovery (Water Supply Grant)

Opening Unspent Balance	569 425	-
Grants Received	-	2 700 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(2 130 575)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	569 425	569 425

This grant will be utilised for boreholes.

26.19 Sport and Recreation

Opening Unspent Balance	-	-
Grants Received	401 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(376 298)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	24 702	-

This grant will be utilised for boreholes.

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26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.20 DBSA Local Economic Development

Opening Unspent Balance	-	234 178
Grants Received	141 593	-
Transferred to Revenue - Operating	-	(234 178)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	141 593	-

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

26.21 SETA

Opening Unspent Balance	-	-
Grants Received	443 046	260 648
Transferred to Revenue - Operating	(443 046)	(260 648)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

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

26.22 SANRAL

Opening Unspent Balance	203 757	-
Grants Received	-	356 522
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(29 807)	-
Transfer to / (from) Receivables	-	(152 765)
Closing Unspent Balance	173 950	203 757

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

26.23 Economic Development

Opening Unspent Balance	70 175	-
Grants Received	-	70 175
Transferred to Revenue - Operating	(5 280)	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	64 895	70 175

This grant will be utilised for local economic development.

26.24 Total Grants

Opening Unspent Balance	17 097 285	9 127 652
Grants Received	179 626 528	150 666 120
Transferred to Revenue - Operating	(116 115 262)	(96 988 944)
Transferred to Revenue - Capital	(34 341 177)	(50 145 492)
Transfer to / (from) Receivables	(4 625 424)	4 437 949
Closing Unspent Balance	41 641 950	17 097 285

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	2019	2018
27 PUBLIC CONTRIBUTIONS AND DONATIONS		
Hogeschool van Arnhem en Nijmegen (HAN)	603 175	1 068 023
Industrial Development Corporation (IDC)	-	162 158
Total	603 175	1 230 181
The movements per grant can be summarised as follows:		
27.01 Hogeschool van Arnhem en Nijmegen (HAN)		
Opening Unspent Balance	421 636	143 847
Grants Received	441 330	1 345 812
Transferred to Revenue - Operating	(603 175)	(1 068 023)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	259 792	421 636
The grant gives students from abroad the opportunity to engage with community in upliftment of previously disadvantaged communities projects.		
27.02 Industrial Development Corporation (IDC)		
Opening Unspent Balance	-	162 158
Grants Received	-	-
Transferred to Revenue - Operating	-	(162 158)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-
The grant is for the promotion of local economic development and tourism.		
27.03 Total Public Contributions and donations		
Opening Unspent Balance	421 636	306 005
Grants Received	441 330	1 345 812
Transferred to Revenue - Operating	(603 175)	(1 230 181)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	259 792	421 636
28 FINES, PENALTIES AND FORFEITS		
Overdue Books	14 826	21 295
Traffic	38 058 350	47 949 900
Pound Fees	349 954	244 619
Unclaimed Money	1 759 796	19 330
Total	40 182 926	48 235 143
As previously reported		48 988 804
Correction of error restatement 49.2		(772 991)
Correction of error restatement 49.4		19 330
Restated balance		48 235 143
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	11 762 066	3 725 580
Total	11 762 066	3 725 580

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30	REVERSAL OF IMPAIRMENTS		
	Investment Property	1 601 772	-
	Property, Plant and Equipment	2 585 000	-
	Total	4 186 772	-
	The reversal of impairment is as a result of an increase in property values as per the latest valuation roll.		
31	CONTRIBUTED ASSETS		
	Property, Plant and Equipment	13 183 602	271 756
	Contributed Assets were donations received by the Municipality from Gevornmental institutions.		
32	SERVICE CHARGES		
	Electricity	90 898 618	82 618 656
	Water	77 365 745	66 977 101
	Refuse Removal	43 549 828	37 009 566
	Sewerage and Sanitation	40 549 925	33 563 461
	Total Revenue	252 364 116	220 168 784
	Less: Rebates	(28 392 805)	(19 459 117)
	Electricity	(2 994 536)	(2 744 337)
	Water	(4 997 486)	(3 192 798)
	Refuse Removal	(10 863 059)	(7 151 001)
	Sewerage and Sanitation	(9 537 725)	(6 370 980)
	Total	223 971 311	200 709 668
	As previously reported		202 204 928
	Correction of error restatement - note 49.2		(1 495 260)
	Restated balance		200 709 668
	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	1 593 711	1 587 216
	Halls and Sportfields	216 881	255 638
	Total	1 810 592	1 842 854
34	AGENCY SERVICES		
	Drivers Licences	1 798 295	1 848 525
	Duplicate Registration	94 677	92 400
	Instructor Certificate	1 453	2 942
	Learners	195 232	201 058
	Roadworthy Applications	271 390	310 383
	Roadworthy Certificates	53 955	60 522
	Special Permits	31 968	31 104
	Temporary Permits	26 466	18 480
	Vehicle Licences	3 237 822	3 123 776
	Vehicle Registration	1 186 771	984 886
	Total	6 898 029	6 674 076
	As previously reported		5 357 963
	Correction of error restatement - note 49.4		1 316 113
	Restated balance		6 674 076

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<i>Figures in Rand</i>		2019	2018
35	LICENCES AND PERMITS		
	Trading	35 678	31 176
	Total	35 678	31 176
36	OTHER INCOME		
	Building Plan Approval	1 229 730	1 759 220
	Cemetery and Burial	585 174	599 940
	Development Charges	973 552	147 367
	Photocopies and Faxes	76 773	85 836
	Building Plans Clause Levy, Sub-division and Consolidation Fees	529 139	590 011
	Escort Fees	40 422	51 882
	Sundry Income	1 334 323	1 649 042
	Total	4 769 113	4 883 297
37	EMPLOYEE RELATED COSTS		
	Basic Salaries and Wages	122 411 269	114 804 999
	Pension and UIF Contributions	22 207 429	20 710 237
	Medical Aid Contributions	6 861 249	6 243 445
	Overtime	7 644 525	6 725 965
	Motor Vehicle Allowance	8 834 074	9 182 704
	Cellphone Allowance	671 935	622 815
	Housing Allowances	1 652 912	1 277 643
	Other benefits and allowances	6 332 480	5 906 802
	Acting Allowance	774 253	999 096
	Bargaining Council	68 653	68 632
	Entertainment Allowance	-	600
	Group Life Insurance	1 338 629	1 341 323
	Standby Allowance	4 150 945	3 497 151
	Contributions to Employee Benefits	15 036 711	14 607 647
	Bonuses	9 839 043	9 285 637
	Staff Leave	1 460 685	1 863 662
	Long Service Awards	708 056	662 548
	Post Retirement Medical Benefits	3 028 927	2 795 800
	Workmen's Compensation	1 173 297	961 804
	Total	192 825 882	181 044 060
	Remuneration of Management Personnel		
<p>The Municipal Manager is appointed until the next local government election. The Director Operational Services contract expires on 31 August 2019. The Director Financial Services is appointed on a 10-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period. Acting allowances are immaterial.</p>			
	Municipal Manager - GF Matthyse (appointed March 2018)		
	Annual Remuneration	1 330 824	480 374
	Travelling Allowance	72 000	24 000
	Contributions to UIF, Medical and Pension Funds	-	-
	Performance Bonus	54 628	-
	Total	1 457 452	504 374

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37 EMPLOYEE RELATED COSTS (CONTINUED)

Municipal Manager - HSD Wallace (contract expired October 2016)

Annual Remuneration	-	-
Travelling Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Performance Bonus	58 173	195 793
Total	58 173	195 793

Director: Development Services - MH Gxoyiya (contract expired January 2017)

Annual Remuneration	-	-
Travelling Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Performance Bonus	-	141 611
Total	-	141 611

Director: Financial Services - D Louw

Annual Remuneration	841 320	818 226
Travelling Allowance	108 000	108 000
Contributions to UIF, Medical and Pension Funds	197 373	194 527
Performance Bonus	252 916	138 524
Total	1 399 610	1 259 277

Director: Operational Services - J Barnard

Annual Remuneration	1 073 056	1 014 901
Travelling Allowance	62 428	62 428
Contributions to UIF, Medical and Pension Funds	217 900	210 381
Performance Bonus	238 533	138 837
Total	1 591 917	1 426 547

Director: Technical Services - CW van Heerden (contract expired November 2016)

Annual Remuneration	-	-
Travelling Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Performance Bonus	-	141 611
Total	-	141 611

38 REMUNERATION OF COUNCILLORS

Executive Mayor	896 677	888 471
Deputy Executive Mayor	638 415	718 722
Speaker	712 966	691 494
Mayoral Committee Members	3 389 889	3 221 193
Other Councillors	6 068 959	6 018 908
Total	11 706 906	11 538 787

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and five 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.

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		2019	2018
39	DEBT IMPAIRMENT		
	Receivables from Exchange Transactions	43 954 671	41 243 198
	Receivables from Non-Exchange Transactions	30 947 813	42 072 859
	Total Debt Impairment	74 902 484	83 316 058
	Movement in VAT included in debt impairment	(1 549 822)	(1 342 625)
	Total	73 352 663	81 973 432
40	DEPRECIATION AND AMORTISATION		
	Property, Plant and Equipment	18 512 035	18 744 815
	Capitalised restoration costs	1 578 495	4 613 546
	Investment Property	60 855	60 855
	Intangible Assets	147 524	162 397
	Total	20 298 909	23 581 613
41	IMPAIRMENT		
	Property, Plant and Equipment	-	349 837
	Capitalised Restoration Costs (PPE)	511 847	190 250
	Total	511 847	540 087
42	ACTUARIAL LOSSES		
	Post Retirement Medical Benefits	-	-
	Long Service Awards	1 805 601	368 790
	Total	1 805 601	368 790
43	FINANCE CHARGES		
	Cash	8 682 626	9 576 269
	Long-term Liabilities	8 682 626	9 576 269
	Non-cash	10 016 280	9 433 415
	Post Retirement Medical Benefits	4 260 706	4 119 751
	Long Service Awards	592 653	525 959
	Rehabilitation of Landfill Sites	5 162 921	4 787 705
	Total	18 698 906	19 009 684
44	BULK PURCHASES		
	Electricity	61 539 643	54 930 226
	Water	14 841 878	12 161 256
	Total	76 381 521	67 091 482

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.

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45 CONTRACTED SERVICES		
Alien Vegetation Control	321 773	550 990
Business and Financial Management	4 532 653	3 433 824
Caledon Solid Waste Site	3 063 026	1 848 922
Clearing and Grass Cutting Services	288 820	189 982
Copier Costs	317 014	339 569
Drivers Licence Cards	508 286	522 111
Electrical Contractors	1 020 681	600 520
Engineering - Civil	778 599	484 825
Fire Services	1 704 217	1 750 905
Legal Advice	979 236	938 743
Maintenance Services	15 319 724	13 155 665
Management of Informal Settlements	490 163	204 117
Research and Advisory	717 528	548 966
Personnel and Labour	2 523 841	529 545
Security Services	693 258	705 807
Traffic Fines Management	1 876 365	1 674 748
Translators, Scribes and Editors	153 085	149 277
Valuation Services	750 833	1 115 714
Water Tests	631 154	607 020
Other Contracted Services	1 567 319	1 228 076
Total	38 237 575	30 579 325
As previously reported		23 686 752
Correction of error restatement - note 49.4		536 985
Reclassification - note 50.3		6 355 587
Restated balance		30 579 325
Other Contracted Services consist out of a variety of services, including but not limited to the following:		
- Animal Care		
- Catering Services		
- Human Resources		
- Audit Committee		
46 TRANSFERS AND GRANTS		
Indigent Subsidies - Electricity	2 510 036	2 377 804
Sport Councils	117 245	98 376
Tourism Boards	15 000	-
Total	2 642 281	2 476 180
As previously reported		2 377 804
Reclassification - note 50.3		98 376
Restated balance		2 476 180

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	2019	2018
47 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	518 767	624 479
Audit Fees	4 081 577	2 608 148
Bank Charges	571 774	508 609
Commission Paid (Electricity)	1 717 582	1 442 392
Electricity - Escom	8 117 274	5 765 525
Computer Services and Licences	4 964 580	5 728 073
Dumping fees (Karwyderskraal)	1 484 759	1 095 651
Fuel Cost	5 173 635	4 680 080
Full Time Union Representative	184 388	131 510
Hire Charges	2 282 120	1 062 636
Insurance	1 703 891	1 364 480
Maintenance Materials	7 924 192	6 469 755
Management Fees	806 128	760 599
Material and protective clothing	904 692	1 354 749
Membership fees	1 975 918	1 902 510
Operating Grant expenditure (Housing Top Structures)	10 401 990	221 784
Postage	158 175	127 622
Printing and stationery	908 555	847 784
Refuse bags	375 825	326 406
Skills development levy	1 613 131	1 489 040
Telephone	848 773	810 224
Training	662 623	571 863
Travel and subsistence	643 418	465 589
Ward Committees	173 950	188 274
Water Purification	1 501 658	1 386 146
Sundries and Other Consumables	3 783 776	3 073 121
Total	63 483 149	45 007 047
As previously reported		30 354 142
Correction of error restatement - note 49.4		459 530
Reclassification - note 50.3		14 193 375
Restated balance		45 007 047
48 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS		
Proceeds	780 337	295 000
Less: Carrying value of Investment Property disposed	-	(258 882)
Less: Carrying value of Property, Plant and Equipment disposed	(1 748 773)	(2 395 043)
Less: Carrying value of Intangible Assets disposed	(58 726)	-
Total	(1 027 163)	(2 358 925)

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49 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

49.1 Receivables from Exchange and Non-Exchange Transactions

Receivables from Exchange Transactions contained the following errors:

- Industrial flow for both the 2016/17 and 2017/18 financial years was incorrectly calculated, resulting that Receivables from Exchange Transactions was overstated by R1 668 198, while Revenue and Accumulated Surplus were respectively overstated by R311 598 and R1 356 599.
- Internal charges pertaining to June 2018 was not cleared, resulting that Receivables were overstated by R1 675 096, while Revenue and Accumulated Surplus were respectively overstated by R1 467 826 and R207 270.
- Retention Forfeits amounting to R772 991 was incorrectly raised as Revenue, resulting that Revenue and Receivables from Exchange Transactions were overstated.

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

- Receivables from Exchange Transactions - note 3	Overstated	(3 864 252)
- Receivables from Non-Exchange Transactions - note 4	Overstated	(252 033)
- Property Rates - note 25	Overstated	(252 033)
- Fines, Penalties and Forfeits - note 28	Overstated	(772 991)
- Service Charges - note 32	Overstated	(1 495 260)
- Interest Earned - Outstanding Debtors - note 49.6	Overstated	(32 132)
- Accumulated Surplus - note 49.5	Overstated	(1 563 869)

49.2 Investment Property

It was noted that properties with a carrying value amounting to R116 600 were not recorded on the asset register.

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

- Investment Property - note 10	Understated	116 600
- Accumulated Surplus - note 49.5	Understated	116 600

49.3 Property, Plant and Equipment

It was noted that movable assets with a carrying value amounting to R255 545 were not recorded on the asset register.

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

- Property, Plant and Equipment - note 11	Understated	255 545
- Accumulated Surplus - note 49.5	Understated	255 545

49.2 Consumer Deposits

Consumer Deposits receipts amounting to R125 000 was previously incorrectly recognised as Revenue, rather than Consumer Deposits.

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

- Consumer Deposits - note 17	Understated	125 000
- Accumulated Surplus - note 49.5	Overstated	(125 000)

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49 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

49.4 Payables from exchange transactions

Payables from Exchange Transactions contained the following errors:

- Expenditure was directly allocated to a creditors control account, rather than to the respective expenditure accounts. Accordingly, Payables from Exchange Transactions were overstated by R516 158, while Taxes and Expenditure were respectively understated by R52 027 and R464 131.
- The agency service control account for the Department of Transport had a balance as on 30 June 2018. The balances was investigated and it was noted that the account contained Revenue, Expenditure and Taxes which were not transacted correctly. Accordingly, Payables from Exchange Transactions were overstated by R1 440 862, while Taxes were overstated by R657 133. Revenue and Expenditure were respectively understated by R1 316 113 and R532 384.
- Unclaimed deposits amounting to R19 330 which were older than 12 months were not recognised as income, resulting that Payables from Exchange Transactions were overstated and Revenue understated.

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

- Receivables from Non-Exchange Transactions - note 4	Understated	174 455
- Taxes - note 6	Overstated	(605 106)
- Payables from exchange transactions - note 18	Overstated	(769 579)
- Fines, Penalties and Forfeits - note 28	Understated	19 330
- Agency Services - note 34	Understated	1 316 113
- Contracted Services - note 45	Understated	536 985
- Other Expenditure - note 47	Understated	459 530

49.5 Accumulated Surplus

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

- Investment Property - note 49.2	116 600
- Property, Plant and Equipment - note 49.3	255 545
- Receivables from Exchange and Non-Exchange Transactions - note 49.2	(1 563 869)
- Consumer Deposits - note 49.2	(125 000)
Total	(1 316 724)

49.6 Statement of Financial Performance

Interest Earned - Outstanding Debtors

10 307 713

As previously reported

10 339 844

Correction of error restatement - note 49.2

(32 132)

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50 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATIONS

50.1 Repairs and Maintenance

The Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly all "Repairs and Maintenance" expenditure was respectively reallocated to "Contracted Services" and "Other Expenditure" and classified by their nature as follow:

Item	Previous Classification	Revised Classification	Amount
Maintenance Services	Repairs and Maintenance	Contracted Services	13 155 665
Hire Charges	Repairs and Maintenance	Other Expenditure	1 037 982
Maintenance Materials	Repairs and Maintenance	Other Expenditure	6 441 234
Other immaterial items	Repairs and Maintenance	Other Expenditure	12 457

50.2 Contracted Services and Other Expenditure

Management reviewed the current classifications in the current year and concluded to reclassify the following items, mainly to be in line with the mSCOA reporting requirements.

Item	Previous Classification	Revised Classification	Amount
Legal Advice	Other Expenditure	Contracted Services	938 743
Water Tests	Other Expenditure	Contracted Services	607 020
Sport Councils	Other Expenditure	Transfers and Grants	98 376
Commission Paid (Electricity)	Contracted Services	Other Expenditure	1 442 392
Computer Services and Licences	Contracted Services	Other Expenditure	5 728 073
Dumping fees (Karwyderskraal)	Contracted Services	Other Expenditure	1 095 651
Other immaterial items	Contracted Services	Other Expenditure	79 725

50.3 Summary of Reclassifications

The above mentioned reclassifications effected the following line items:

Expenditure

- Repairs and Maintenance (this line item was removed from the Statement of Financial Performance)	(20 647 338)
- Contracted Services	6 355 587
- Transfers and grants	98 376
- Other Expenditure	14 193 375

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51 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	87 717 198	67 051 892
Adjusted for:		
Non-cash revenue included in Net Surplus	(29 187 602)	(4 232 843)
Actuarial Gains	(11 762 066)	(3 725 580)
Reversal of Impairments	(4 186 772)	-
Contributed Assets	(13 183 602)	(271 756)
Rental of Facilities and Equipment - decrease in operating lease asset	93 110	6 846
Change in Provisions for Restoration of Landfill Site	(148 272)	(242 353)
Non-cash expenditure included in Net Surplus	122 786 196	133 868 205
Employee Related Costs - Contributions towards	15 773 733	15 611 943
Post Retirement Medical Benefits	3 028 927	2 795 800
Long Service Awards	708 056	662 548
Bonuses	9 483 894	9 285 637
Staff Leave	1 460 685	1 863 662
Performance Bonuses	355 149	267 451
Group Insurance	24 950	16 253
Overtime	712 072	720 591
Debt Impairment	73 352 663	81 973 432
Depreciation and Amortisation	20 298 909	23 581 613
Impairment	511 847	540 087
Actuarial Losses	1 805 601	368 790
Finance Charges	10 016 280	9 433 415
Post Retirement Medical Benefits	4 260 706	4 119 751
Long Service Awards	592 653	525 959
Provision for Rehabilitation of Landfill-sites	5 162 921	4 787 705
Loss on disposal of Non-Monetary Assets	1 027 163	2 358 925
Cash expenditure not included in Net Surplus	(13 613 620)	(13 098 446)
Post Retirement Medical Benefits	(1 420 922)	(1 433 017)
Long Service Awards	(616 698)	(1 059 630)
Bonuses	(9 279 881)	(8 831 844)
Staff Leave	(968 970)	(684 170)
Performance Bonuses	(604 250)	(614 765)
Pension	(2 308)	(7 788)
Overtime	(720 591)	(467 232)
Operating Surplus before changes in working capital	167 702 172	183 588 808
Movement in working capital	(40 046 354)	(88 254 156)
Long-term Receivables	25 257	2 704 302
Receivables from Exchange Transactions	(50 454 774)	(46 657 288)
Receivables from Non-Exchange Transactions	(31 276 643)	(44 963 723)
Unpaid Conditional Government Grants	4 625 423	(4 437 948)
Taxes	4 901 956	(3 675 665)
Inventory	192 875	(877 647)
Payables from exchange transactions	7 556 731	1 568 548
Unspent Conditional Government Grants	24 544 665	7 969 633
Unspent Public Contributions	(161 845)	115 632
Cash Flow from Operating Activities	127 655 818	95 334 652

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52 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	87 515 246	23 234 967
Call and Notice Deposits	43 414 553	40 655 244
Cash Floats	10 350	10 350
Total	130 940 149	63 900 561

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

53 BUDGET COMPARISONS

53.1 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.

53.2 Statement of Financial Position

Adjustments to Original Budget

Adjustments to the original budget was mainly to align the amounts with the audit outcomes of 2017/18 and to accommodate any changes to revenue, operating and capital expenditure for the 2018/19 financial year.

Actual Amounts vs Final Budget

Cash and Call Investment Deposits were more than budget due to the following:

- underspending of both capital and operating budget
- a grant allocation received from Department of Water and Sanitation was not spent
- higher collections rates on debtors than anticipated
- fixed deposit reclassified from Investments to Cash due to it maturing in 2019/20

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53 BUDGET COMPARISONS (CONTINUED)

Consumer Debtors were less than budget due to higher collection rates than anticipated.

Other Debtors were less than budget due to less fines issued than anticipated.

Investments were less than budget due to the fixed deposit which will mature in 2019/20 and therefore reclassified to Cash.

Property, Plant and Equipment was more than budget due to the reassessment of landfill site useful lives which resulted in a lower depreciation charge than expected.

Trade and Other Payables were more than budget due to unspent grant allocation from the Department of Water and Sanitation.

53.3 Statement of Financial Performance

Adjustments to Original Budget

Service Charges - Water Revenue was decreased as a result of water restrictions still applied during the course of the year.

Interest Earned - Outstanding Debtors was increased based on actual results of 2017/18.

Fines, Penalties and Forfeits was increased due to traffic fines which was based on actual results of 2017/18.

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

Debt Impairment was increased as a result of the increase in fines.

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

Transfers Recognised - Capital was decreased due to a decrease in funding from Human Settlements.

Actual Amounts vs Final Budget

Service Charges - Water Revenue was more than budget due to the removal of water restrictions in the latter part of the year.

Fines, Penalties and Forfeits were less than budget due to less fines issued than anticipated.

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

Other Revenue was more than budget due to unforeseen Actuarial Gains.

Employee Related Costs were less than budget due to not all vacant positions filled.

Debt Impairment was less than budget due to less fines issued than anticipated.

Depreciation and Amortisation was less than budget due to the extension of the useful lives of landfill sites.

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

Contributed Assets were not budgeted for.

53.4 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 decreased due to a decrease in funding from Human Settlements

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

Capital Asset payments was decreased as a result of decrease in funding from Human Settlements.

Actual Amounts vs Final Budget

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

Interest charged on outstanding debtors was budgeted as part of interest, but is included as part of services for GRAP disclosure.

Other Revenue was more than budget due to more monies received from other debtors than anticipated.

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

Movement in Non-current assets were more than budget as the maturity of the investment was not taken into account with the budget.

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

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54 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

54.1 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:

	2019 (Actual) R	2019 (Final Budget) R	2019 (Unauthorised) R	2018 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Budget and treasury office	60 011 185	60 385 993	-	-
Vote 2 - Community and social services	7 745 919	9 228 606	-	-
Vote 3 - Corporate services	57 567 923	80 344 140	-	-
Vote 4 - Electricity	77 098 591	77 189 149	-	-
Vote 5 - Environmental protection	243	99 143	-	-
Vote 6 - Executive and council	39 600 513	39 825 536	-	-
Vote 7 - Housing	17 800 316	46 469 081	-	-
Vote 8 - Planning and development	11 278 087	13 818 026	-	-
Vote 9 - Public safety	55 417 777	63 481 088	-	-
Vote 10 - Road transport	31 851 406	31 916 992	-	-
Vote 11 - Sport and recreation	9 459 352	10 508 167	-	-
Vote 12 - Waste management	42 927 709	53 057 203	-	-
Vote 13 - Waste water management	35 862 620	39 803 954	-	-
Vote 14 - Water	54 350 783	54 696 613	-	-
Total	500 972 424	580 823 691	-	-
Unauthorised expenditure - Capital				
Vote 1 - Budget and treasury office	23 809	26 594	-	-
Vote 2 - Community and social services	233 623	358 000	-	-
Vote 3 - Corporate services	4 989 500	5 040 397	-	-
Vote 4 - Electricity	4 696 301	5 005 092	-	-
Vote 5 - Environmental protection	-	-	-	-
Vote 6 - Executive and council	1 136 796	1 734 113	-	-
Vote 7 - Housing	11 112 451	18 085 032	-	-
Vote 8 - Planning and development	13 221 072	15 198 612	-	-
Vote 9 - Public safety	941 850	1 032 360	-	-
Vote 10 - Road transport	1 007 719	1 117 912	-	-
Vote 11 - Sport and recreation	825 703	1 600 000	-	-
Vote 12 - Waste management	12 046 232	12 046 232	-	-
Vote 13 - Waste water management	18 386 744	18 412 512	-	-
Vote 14 - Water	7 910 928	8 803 155	-	-
Total	76 532 726	88 460 011	-	-

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

54.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	-	-
Fruitless and wasteful expenditure incurred	-	-
Approved by Council	-	-
Fruitless and wasteful expenditure awaiting further action	-	-

Details of fruitless and wasteful expenditure incurred:

(a) None	-	-
Total	-	-

54.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	18 474 751	-
Opening balance correction - prior year error	(2 257)	-
Irregular expenditure incurred in the current year	900 518	1 475 664
Irregular expenditure incurred in the prior year but identified in the current year	241 779	17 377 200
Approved by Council	(19 367 541)	(378 113)
Irregular expenditure awaiting further action	247 250	18 474 751

Details of irregular expenditure incurred

(a) Supplier in the service of the state (EPWP Worker)	-	2 200
(b) Electrical services without a contract	-	60 269
(c) Hiring of 8 ablution facilities for the informal settlement, Madiba Park in Greyton	-	24 307
(d) Overpayment of Acting and Rural Allowances	-	291 337
(e) Non-compliance with Preferential Procurement Regulations 2017	45 000	836 528
(f) Deviations not considered to be impractical or exceptional circumstances	1 097 297	512 618
(g) Construction of facility deemed to be out of scope	-	17 125 605
Total	1 142 297	18 852 864

The prior year error relates to 2017/18's "Non-compliance with Preferential Procurement Regulations 2017" which was incorrectly recorded as R836 528 rather than R834 271.

Incidents/cases identified in the current year include:

(a) Supplier in the service of the state (EPWP Worker)	-	1
(b) Electrical services without a contract	-	1
(c) Hiring of 8 ablution facilities for the informal settlement, Madiba Park in Greyton	-	1
(d) Overpayment of Acting and Rural Allowances	-	1
(e) Non-compliance with Preferential Procurement Regulations 2017	1	10
(f) Deviations not considered to be impractical or exceptional circumstances	90	3
(g) Construction of facility deemed to be out of scope	-	1

No irregular expenditure incurred has been recovered.

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

THEEWATERSKLOOF LOCAL MUNICIPALITY

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55 MATERIAL LOSSES

55.1 Water distribution losses

Kilo litres disinfected/purified/purchased	4 689 683	4 628 957
Kilo litres sold and free basic services	3 922 752	3 777 463
Kilo litres lost during distribution	766 931	851 494
Percentage lost during distribution	16.35%	18.39%

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

55.2 Electricity distribution losses

Units purchased (Kwh)	63 002 079	60 693 803
Units sold, free basic services and standard friction losses	58 772 382	57 142 219
Units lost during distribution (Kwh)	4 229 697	3 551 584
Percentage lost during distribution	6.71%	5.85%

56 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance	-	-
Expenditure incurred	2 161 943	1 805 529
Payments	(2 161 943)	(1 805 529)
Payments in advance	-	-

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

Opening balance	-	-
Expenditure incurred	4 081 577	2 608 148
External Audit - Auditor-General	4 081 577	2 608 148
Payments	(4 081 577)	(2 608 148)
Outstanding Balance	-	-

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

Opening balance	4 789 818	(837 573)
Net amount claimed/(declared) during the year	3 332 530	(988 615)
Net amount paid/(received) during the year	(5 904 291)	6 616 006
Outstanding Balance Receivable/(Payable)	2 218 057	4 789 818

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.

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

Opening balance	-	-
Payroll deductions and Council Contributions during the year	28 391 525	25 813 917
Payments	(28 391 525)	(25 813 917)
Outstanding Balance	-	-

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

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

Opening balance	-	-
Payroll deductions and Council Contributions during the year	46 474 597	43 176 316
Payments made to pension and medical fund	(46 474 597)	(43 176 316)
Outstanding Balance	-	-

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

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

56.7 Deviations from Supply Chain Management Regulations

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

Section 36(1)(a)(i) - Emergencies	1 771 841	3 471 337
Section 36(1)(a)(ii) - Single provider	6 615 374	3 482 540
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical to follow official procurement process	10 894 934	21 091 716
Total	19 282 149	28 045 593

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

MM Office	34 680	103 252
Corporate Services	2 198 951	2 828 908
Development Services	4 686 584	3 436 699
Financial Services	6 440 665	3 347 312
Technical Services	1 387 784	10 982 112
Operations	4 533 485	7 347 310
Total	19 282 149	28 045 593

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

Less than R30 000	2 582 680	5 176 074
Between R30 001 and R200 000	3 561 886	7 707 098
Between R200 001 and R2 000 000	6 334 848	9 634 106
More than R2 000 001	6 802 736	5 528 315
Total	19 282 149	28 045 593

57 CAPITAL COMMITMENTS

Approved and contracted for	23 128 338	11 343 906
Infrastructure	23 128 338	11 343 906

This expenditure will be financed from:

External Loans	1 748 066	-
Government Grants	20 093 413	10 780 810
Own Resources	1 286 859	563 096
Total	23 128 338	11 343 906

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

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58 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

58.1 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	130 929 799	63 890 211
Current Investments	13 260 197	-
Receivables from exchange transactions	33 405 865	27 190 958
Unpaid Conditional Government Grants	-	4 625 423
Long-term Receivables	1 501	26 759
Non-current Investments	241 045	12 568 806
Total	177 838 408	108 302 157

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	1 280 452	1 040 386
Water	5 241 187	2 394 542
Refuse	1 520 398	1 058 648
Sewerage	1 355 956	1 595 280
Other	710 079	1 093 201
Rates (Statutory Receivable)	4 385 440	2 785 524
Total	14 493 512	9 967 580

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58 FINANCIAL RISK MANAGEMENT (CONTINUED)

58.2 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.

58.3 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)	130 929 799	63 890 211
Long-term Liabilities (including current portion)	-	-
Net balance exposed	130 929 799	63 890 211

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

1% (2018 - 1%) increase in interest rates	1 309 298	638 902
0% (2018 - 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.

58.4 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 2019				
Annuity Loans	14 309 937	53 462 137	46 113 227	113 885 301
Stock Loans	2 553 815	7 266 669	17 116 487	26 936 971
Payables from exchange transactions	41 500 338	-	-	41 500 338
Total	58 364 090	60 728 806	63 229 714	182 322 609
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	34 647 845	-	-	34 647 845
Total	50 926 541	55 615 304	68 776 332	175 318 177

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58 FINANCIAL RISK MANAGEMENT (CONTINUED)

58.5 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	241 045	216 096
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59 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	130 940 149	63 900 561
Receivables from Exchange transactions	33 405 865	27 190 958
Unpaid Conditional Government Grants	-	4 625 423
Long-term Receivables	1 501	26 759
Investments	13 260 197	12 352 710
Total	177 607 712	108 096 411

Financial Liabilities

Payables from exchange transactions	41 500 338	34 647 845
Long-Term Liabilities	90 166 429	87 199 787
Total	131 666 767	121 847 632

The Municipality recognised the following financial instruments at fair value:

Financial Assets

Investments	241 045	216 096
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60 STATUTORY RECEIVABLES

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

Taxes	4 369 051	7 721 185
Receivables from Non-Exchange Transactions	15 065 444	15 021 362
Rates	9 809 391	8 261 155
Fines	5 256 053	6 760 207
Total	19 434 495	22 742 547

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

61 EVENTS AFTER REPORTING DATE

The Municipality had no significant events after reporting date.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>		2019	2018
62	IN-KIND DONATIONS AND ASSISTANCE		
	Property, Plant and Equipment as per note 31 were donated to the Municipality.		
63	PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
	The Municipality did not enter into any PPP's in the current and prior year.		
64	CONTINGENT LIABILITIES		
	The Municipality were exposed to the following contingent liabilities at year end:		
64.1	Overberg Water	-	4 132 692
	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. A letter dated 20 August 2019 was received from Overberg Water indicating that the amount owing has been permanently revoked and suspended.		
65	FINANCIAL SUSTAINABILITY		
	Management is of the opinion that the 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 1.67:1 from 1.41:1 in the prior year.		
	The Municipality have budgeted for a surplus of R47 254 590 for the 2019/2020 financial year and surpluses of R26 184 584 and R61 420 645 for the 2020/2021 and 2021/2022 years respectively.		
	Cash and Cash Equivalents have increased during the year.		
66	B-BBEE PERFORMANCE		
	Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.		
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.		

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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
2019				
<u>Councillors</u>				
Papier K	2 040	15 986	-	1 349
Arendse JI	-	7 952	-	667
Nongxaza, R	-	7 288	-	-
Tshabe B	4 109	6 423	-	865
Sipunzi U		6 217	-	522
C November	2 583	10 251	-	1 161
Le Roux M	-	4 414	-	368
Mentile AN	-	6 083	-	507
Vosloo CJM	12 696	7 092	-	1 472
Mienies RL	487	9 771	-	857
Lampbrecht C	4 683	6 281	-	913
Du Toit D	22 853	7 464	-	2 466
Wood C	-	6 342	-	522
Plato-Mentoor M	3 451	3 026	-	890
Potberg SJ	143	2 269	-	-
Total	53 045	106 859	-	12 559

Municipal Manager and Section 57 Employees

None

2018

Councillors

Papier K	1 851	10 226	-	-
Arendse JI	476	7 207	-	-
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	57 011	104 796	-	17 503

Municipal Manager and Section 57 Employees

None	-	-	-	-
Total	-	-	-	-

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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	2019	2018
Tano'Vera	Owner Tania Bippert is the domestic partner of Nino Hendrick	TWK Manager IT	261 427	348 642
Villiersdorp Security	Director Leon Vosloo is the spouse of Christina Johanna Maria Vosloo TWK Mayor and the father of Chrisme Vosloo	TWK H.R. Temp	495 712	481 990
Finck Attorneys	Owner Ronald Finck is the spouse Gail Finck	TWK Senior Clerk Clearances	123 104	7 500
Petrol & Diesel Enjin Sentrum	Owner Petrus Pretorius is the parent-in-law of Joanle Pretorius	TWK Chief Clerk	663 853	780 842
Marshall Armature Winding	Owner Gert Koegelenberg is the spouse of Martie Koegelenberg	TWK Councillor	25 513	120 102
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	1 678 504	6 166 338
WAM Technology	Director Willem Botes is the spouse of Stella Botes	Department of Education Teacher	95 974	62 089
Masanda Trading CC	Owner Verinica Moos is the parent-in-law of Michelle Thomas	TWK Cashier	-	81 254
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	4 311 637	96 719
Safetech	Owner Elizma Goltz is the spouse of Ronald Micheal Goltz	Fireman by the City of Cape Town	14 400	24 824
S'Cees Coffee Shop	Owner Esmaralda Dreyer is the spouse of Neville Dreyer	Health Inspector by Overberg District Municipality	38 180	51 183
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.	464 480	420 261
Die Pienk Bicycle	Owner Dianne Phillips is the mother of Eben Phillips	Director at the Municipality of Knysna	-	8 250

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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	2019	2018
Suid-Kaap Waardeerders	Owner Stephanus de Swardt is the spouse of Anna de Swardt	Professional Nurse at the Provincial Adminstration of Western Cape	639 779	987 960
River Transport (Pty) Ltd.	Owner Brendall Fullard is the son of Brenda Fullard and brother of Joan-Lee Fullard	Education Departmen Teacher and TWK Administrator	-	33 106
Carol-Ann Pedro Contractors	Owner Carol-Ann Pedro is the mother of Wingreen Pedro	TWK Records Clerk	-	61 369
NCC Environmental Services (Pty) Ltd	Director Linden Rhode is the spouse of Cahndre Rhode	Clerk at the City of Cape Town	103 500	-
Kemanzi	Director Hazel du Toit is the Spouse of Mr. J. du Toit	Inspector Driver's Licences at the CoCT	220 141	230 246
S.C. Martin	Owner Stanton Martin is the brother of Annielle Martin	TWK, Senior Administrator	-	27 170
Nova Civils (Pty) Ltd	Director Areal Andries is the fiance of Derrick Appel	TWK Councillor	-	189 824
JLA Logistics (Pty) Ltd	Director Janine Cupido is the cousin of Wingreen Pedro	TWK Records Clerk	159 332	393 892
FCR Abrahams	Owner Frank Abrahams is the spouse of Berdine Abrahams	TWK Debtors Clerk	118 544	25 761
Bergstan South Africa	Director Cobin Beukes is the spouse of Jacqueline Beukes	Social Worker	872 924	926 744
Swartland and West Coast Trading	Director Lisle 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	5 300	3 140
Sydney Amanzi Management Solutions	Member Sydney Armoed is the father of Eslin Armoed	Knysna Municipality Supervisor	133 381	79 883
Democratic Packaging	Director Leonard van der Heerden is the spouse of Victoria van der Heerden	Department of Education Teacher	19 458	130 587
Theunissen Catering and Supplies	Director Verity Theunissen is the mother or Kasandra and Renco Theunissen and the mother in law of Inge Theunissen; Director Ranver Theunissen is the brother of Kasandra and Renco Theunissen and the spouse of Inge Theunissen	Kasandra Theunissen, Department of Social Development Administrator; Renco Theunissen, TWK Administrator; Inge Theunissen, Assistant Director	4 225	16 920
Conlog (Pty) Ltd	Director Logandhren Moodley is the spouse of Nirvasha Moodley	Department of Health Director	109 724	28 556

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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	2019	2018
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 Caroline Wood	Cerhal du Plessis, TWK General Worker; Caroline Wood, TWK Councillor	27 000	16 500
Bosman Smit Pretorius Inc	Owner Marriette Pretorius is the spouse of Gavin Brink	SAPS Police Officer	39 653	6 000
Temmo's Shade Ports and Cleaning Services (Pty) Ltd.	Director Rapelang Lebsana is the brother of Temoho Lesesana	Security - Transnet	-	6 000
Shyzac 01 Security Solutions & Maintenance	Director Bjorn Africa is the second cousin of Annielle Martin	TWK - Senior Administrator	150 399	6 000
Berry Bright	Director Nicole Buirman is the sister of Zane Nel-Gagiano and the spouse of CC Buirman; Director Nico Nel is the father of Zanne Nel	Zane Nel, TWK Deputy Director; CC Buirman, Policeman	34 960	6 000
Neil Lyners and Associates	Director Neil Lyners is the brother of HG Lyners	Department of Transport and Public Works - Director	1 360 241	6 000
Donmic Construction	Director Donovan Thomas is the spouse of Michelle Thomas	TWK - Cashier	552 598	6 000
Kreesan Investments	Director Kreesan Subramoney is the son of Sivalingum Subramoney and the brother of Kubeshnie Subramoney	Sivalingum Subramoney, Deputy Director; Kubeshnie Subramoney, Warden	143 800	6 000
Total			12 867 741	11 876 912

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APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2019

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2018	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2019
<u>ANNUITY LOANS</u>							
DBSA BANK - 10 & 20 year	Loan No. 102807/1	10.74%	30/06/2028	6 420 224	-	(409 044)	6 011 180
DBSA BANK - 10 & 20 year	Loan No. 103108/1	11.44%	30/09/2028	7 562 393	-	(443 211)	7 119 182
ABSA BANK - 11 year	10858/1 (Electricity, Water, Sewerage)	11.14%	31/12/2018	109 276	-	(109 276)	-
ABSA BANK - 11 year	10858/2 (Sewerage)	11.14%	31/12/2018	16 707	-	(16 707)	-
DBSA BANK - 20 year	13343(Electricity)	16.50%	31/12/2019	45 167	-	(28 906)	16 261
DBSA BANK - 20 year	13705/102 (Electricity)	15.75%	30/06/2020	27 719	-	(12 811)	14 908
DBSA BANK - 20 year	103313.1	9.85%	31/03/2029	17 180 627	-	(922 308)	16 258 319
DBSA BANK - 15 year	103313.2	9.97%	31/03/2024	3 742 635	-	(482 250)	3 260 385
DBSA BANK - 10 year	103313.3	10.00%	31/03/2019	159 045	-	(159 045)	-
STANDARD BANK - 10 year	72479981	11.72%	31/07/2020	1 097 282	-	(401 844)	695 438
DBSA BANK - 20 year	103817/3	11.06%	31/12/2030	9 442 617	-	(378 174)	9 064 443
STANDARD BANK- 15 year	272400572	12.22%	30/06/2026	6 055 663	-	(482 166)	5 573 497
ABSA BANK - 15 year	40-7908-8994	10.79%	27/06/2027	9 086 656	-	(639 823)	8 446 833
ABSA BANK - 7 year	40-7908-9071	9.42%	27/06/2019	1 555 326	-	(1 555 326)	-
ABSA BANK - 7 year	8259-8788	8.25%	27/06/2019	68 962	-	(68 962)	-
ABSA BANK - 7 year	8259-9091	8.25%	27/06/2019	17 764	-	(17 764)	-
ABSA BANK - 7 year	8259-9741	8.25%	27/06/2019	109 593	-	(109 593)	-
ABSA BANK - 7 year	387230962	10.09%	21/06/2021	1 540 682	-	(463 992)	1 076 690
ABSA BANK - 10 year	387230963	10.63%	27/06/2024	5 938 480	-	(752 435)	5 186 045
ABSA - 5 year	3050777771	8.95%	30/06/2024	-	2 000 000	-	2 000 000
ABSA - 7 year	3050777789	9.19%	30/06/2026	-	2 500 000	-	2 500 000
ABSA - 10 year	3050777763	9.62%	30/06/2029	-	3 288 700	-	3 288 700
NEDBANK - 15 year	05/78310356050	10.45%	30/06/2034	-	2 631 579	-	2 631 579
Total Annuity Loans				70 176 818	10 420 279	(7 453 637)	73 143 460
<u>STOCK LOANS</u>							
DBSA BANK - 15 year	1022754	9.39%	31/03/2022	1 553 169	-	-	1 553 169
DBSA BANK - 20 year	1022755	9.29%	31/03/2027	8 469 800	-	-	8 469 800
DBSA BANK - 20 year	1014871	9.46%	31/12/2024	6 000 000	-	-	6 000 000
DBSA BANK - 15 year	1014872	9.77%	31/12/2019	1 000 000	-	-	1 000 000
Total Stock Loans				17 022 969	-	-	17 022 969
Total Long-Term Liabilities				87 199 787	10 420 279	(7 453 637)	90 166 429

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2019

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	TRANSFER TO / (FROM) RECEIVABLES R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	87 385 000	(87 385 000)	-	-	-
Finance Management Grant (FMG)	-	1 700 000	(1 700 000)	-	-	-
Municipal Infrastructure Grant (MIG)	910 078	25 052 000	(3 903 557)	(22 023 712)	-	34 809
Expanded Public Works Programme (EPWP)	-	1 451 000	(1 451 000)	-	-	-
Integrated National Electrification Programme (INEP)	-	5 000 000	(48 858)	(325 719)	(4 625 423)	-
Municipal Drought Relieve (MDR)	248 016	-	-	(239 567)	-	8 449
Public Works	145 581	-	-	-	-	145 581
Water and Sanitation	-	28 919 000	-	-	-	28 919 000
Total	1 303 675	149 507 000	(94 488 415)	(22 588 998)	(4 625 423)	29 107 839
PROVINCIAL GOVERNMENT						
Housing	7 171 718	17 568 056	(10 658 777)	(11 112 451)	-	2 968 546
Housing - Title Deeds	6 415 742	862 176	(934 257)	-	-	6 343 661
CDW Contribution	37 467	-	(37 467)	-	-	-
Thusong Multi Purpose Centre	135 001	-	(64 408)	-	-	70 593
Main Roads Subsidy	51 481	117 000	(113 370)	-	-	55 111
Financial Support Grant	350 000	1 330 000	(1 211 187)	-	-	468 813
Library Subsidy	192 244	8 326 656	(7 822 594)	(233 623)	-	462 683
Municipal Capacity Building Grant	576 600	930 000	(336 461)	-	-	1 170 139
Local Government Graduate Internship Allocation	20 000	-	-	-	-	20 000
Municipal Disaster Recovery (Water Supply Grant)	569 425	-	-	-	-	569 425
Sport and Recreation	-	401 000	-	(376 298)	-	24 702
Total	15 519 678	29 534 889	(21 178 521)	(11 722 372)	-	12 153 673
OTHER GRANT PROVIDERS						
DBSA Local Economic Development	-	141 593	-	-	-	141 593
SETA	-	443 046	(443 046)	-	-	-
SANRAL	203 757	-	-	(29 807)	-	173 950
Economic Development	70 175	-	(5 280)	-	-	64 895
Total	273 932	584 639	(448 326)	(29 807)	-	380 438
ALL SPHERES OF GOVERNMENT	17 097 285	179 626 528	(116 115 262)	(34 341 177)	(4 625 423)	41 641 950

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
Financial Performance						
Property rates	100 604 060	-	100 604 060	101 759 520	1 155 460	98 144 521
Service charges	225 028 410	(2 694 810)	222 333 600	223 971 311	1 637 710	200 709 668
Investment revenue	6 158 600	-	6 158 600	9 846 515	3 687 915	8 157 487
Transfers recognised - operational	146 043 306	5 344 838	151 388 144	116 115 262	(35 272 882)	96 988 944
Other own revenue	54 839 943	26 434 660	81 274 603	89 472 214	8 197 611	78 203 438
Total Operating Revenue (excluding capital transfers)	532 674 319	29 084 688	561 759 007	541 164 822	(20 594 185)	482 204 057
Employee costs	201 997 634	59 128	202 056 762	192 825 882	(9 230 880)	181 044 060
Remuneration of councillors	12 179 060	-	12 179 060	11 706 906	(472 154)	11 538 787
Debt impairment	57 890 471	20 498 713	78 389 184	73 352 663	(5 036 521)	81 973 432
Depreciation and asset impairment	31 304 799	-	31 304 799	20 810 756	(10 494 043)	24 121 700
Finance charges	22 361 693	-	22 361 693	18 698 906	(3 662 787)	19 009 684
Bulk purchases	75 374 025	-	75 374 025	76 381 521	1 007 496	67 091 482
Other materials	61 848 990	(2 483 531)	59 365 459	-	(59 365 459)	-
Contracted services	44 695 270	9 218 356	53 913 626	38 237 575	(15 676 051)	30 579 325
Transfers and subsidies	232 260	114 367	346 627	2 642 281	2 295 654	2 476 180
Other expenditure	43 298 200	2 234 256	45 532 456	65 288 750	19 756 294	45 375 837
Loss on Disposal of PPE	-	-	-	1 027 163	1 027 163	2 358 925
Total Expenditure	551 182 402	29 641 289	580 823 691	500 972 402	(79 851 289)	465 569 413
Surplus/(Deficit)	(18 508 083)	(556 601)	(19 064 684)	40 192 419	59 257 103	16 634 644
Transfers recognised - capital	47 347 694	(4 609 335)	42 738 359	34 341 177	(8 397 182)	50 145 492
Contributed Assets	-	140 000	140 000	13 183 602	13 043 602	271 756
Surplus/(Deficit) for the year	28 839 611	(5 025 936)	23 813 675	87 717 198	63 903 523	67 051 892
Capital expenditure & funds sources						
Capital expenditure	78 755 666	9 704 345	88 460 011	76 532 726	(11 927 285)	87 213 990
Transfers recognised - capital	47 347 695	(4 609 335)	42 738 360	34 863 044	(7 875 316)	46 059 077
Public contributions & donations	-	15 301 142	15 301 142	13 213 409	(2 087 733)	-
Borrowing	10 420 279	3 724 535	14 144 814	13 694 993	(449 821)	26 260 822
Internally generated funds	20 987 692	(4 711 997)	16 275 695	14 761 281	(1 514 414)	14 894 090
Total sources of capital funds	78 755 666	9 704 345	88 460 011	76 532 726	(11 927 285)	87 213 990
Cash flows						
Net cash from (used) operating	53 731 181	5 073 669	58 804 850	127 655 818	68 850 968	95 334 652
Net cash from (used) investing	(78 754 305)	5 507 650	(73 246 655)	(63 501 224)	9 745 431	(87 570 973)
Net cash from (used) financing	2 247 264	2 945 002	5 192 266	2 884 994	(2 307 272)	(8 186 568)
Net Cash Movement for the year	(22 775 859)	13 526 321	(9 249 538)	67 039 588	76 289 126	(422 889)
Cash/cash equivalents at beginning of year	41 610 837	22 289 724	63 900 561	63 900 561	-	64 323 450
Cash/cash equivalents at the year end	18 834 978	35 816 045	54 651 023	130 940 149	76 289 126	63 900 561

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	1 130 000	329 383	1 459 383	640 642	(818 741)	1 152 512
Finance and administration	214 661 031	8 773 266	223 434 297	254 743 985	31 309 688	216 029 044
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	9 941 824	-	9 941 824	8 729 039	(1 212 785)	8 202 413
Sport and recreation	444 460	(60)	444 400	428 781	(15 619)	76 631
Public safety	-	-	-	-	-	-
Housing	61 255 000	(5 237 871)	56 017 129	22 705 485	(33 311 644)	16 858 419
Economic and environmental services						
Planning and development	2 557 780	(545 159)	2 012 621	2 746 484	733 863	3 374 303
Road transport	38 524 489	18 673 163	57 197 652	45 699 524	(11 498 128)	55 042 123
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	88 412 678	5 550 000	93 962 678	91 224 337	(2 738 341)	89 307 959
Water management	79 969 527	(4 993 759)	74 975 768	77 669 637	2 693 869	71 994 030
Waste water management	40 340 544	1 008 236	41 348 780	40 551 858	(796 922)	33 575 857
Waste management	42 784 680	1 058 154	43 842 834	43 549 828	(293 006)	37 008 013
Other	-	-	-	-	-	-
Total Revenue - Standard	580 022 013	24 615 353	604 637 366	588 689 600	(15 947 766)	532 621 304
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	20 851 298	2 078 523	22 929 821	21 410 419	(1 519 402)	19 171 657
Finance and administration	140 100 027	15 826 134	155 926 161	134 955 942	(20 970 219)	125 619 686
Internal audit	2 311 832	-	2 311 832	2 067 749	(244 083)	1 861 602
Community and public safety						
Community and social services	10 778 295	(307 341)	10 470 954	8 327 515	(2 143 439)	6 664 048
Sport and recreation	10 772 090	(263 923)	10 508 167	9 459 352	(1 048 815)	8 105 881
Public safety	3 239 194	60 000	3 299 194	2 557 587	(741 607)	2 605 151
Housing	43 587 556	2 881 525	46 469 081	17 800 316	(28 668 765)	6 457 727
Economic and environmental services						
Planning and development	10 854 972	660 921	11 515 893	9 239 054	(2 276 839)	9 582 490
Road transport	82 989 058	9 109 828	92 098 886	84 711 596	(7 387 290)	92 303 989
Environmental Protection	299 143	(200 000)	99 143	243	(98 900)	182
Trading services						
Energy sources	77 609 149	(420 000)	77 189 149	77 098 591	(90 558)	70 727 301
Water management	54 995 672	(299 059)	54 696 613	54 350 783	(345 830)	49 082 507
Waste water management	39 149 870	654 084	39 803 954	35 862 620	(3 941 334)	31 140 302
Waste management	53 118 966	(61 763)	53 057 203	42 927 709	(10 129 494)	42 099 037
Other	525 280	(77 640)	447 640	202 947	(244 693)	147 856
Total Expenditure - Standard	551 182 402	29 641 289	580 823 691	500 972 423	(79 851 268)	465 569 416
Surplus/(Deficit) for the year	28 839 611	(5 025 936)	23 813 675	87 717 177	63 903 502	67 051 888

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Budget and treasury office	187 973 218	6 663 566	194 636 784	224 182 522	29 545 738	188 034 136
Vote 2 - Community and social services	9 941 824	-	9 941 824	8 729 039	(1 212 785)	8 202 413
Vote 3 - Corporate services	26 687 813	2 109 700	28 797 513	30 561 463	1 763 950	27 994 909
Vote 4 - Electricity	88 412 678	5 550 000	93 962 678	91 224 337	(2 738 341)	89 307 959
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	1 130 000	329 383	1 459 383	640 642	(818 741)	1 152 512
Vote 7 - Housing	61 255 000	(5 237 871)	56 017 129	22 705 485	(33 311 644)	16 858 419
Vote 8 - Planning and development	2 557 780	(545 159)	2 012 621	2 746 484	733 863	3 374 303
Vote 9 - Public safety	32 261 100	18 130 700	50 391 800	38 658 318	(11 733 482)	48 277 576
Vote 10 - Road transport	6 263 389	542 463	6 805 852	7 041 206	235 354	6 764 548
Vote 11 - Sport and recreation	444 460	(60)	444 400	428 781	(15 619)	76 631
Vote 12 - Waste management	42 784 680	1 058 154	43 842 834	43 549 828	(293 006)	37 008 013
Vote 13 - Waste water management	40 340 544	1 008 236	41 348 780	40 551 858	(796 922)	33 575 857
Vote 14 - Water	79 969 527	(4 993 759)	74 975 768	77 669 637	2 693 869	71 994 030
Total Revenue by Vote	580 022 013	24 615 353	604 637 366	588 689 600	(15 947 766)	532 621 306
EXPENDITURE						
Vote 1 - Budget and treasury office	46 719 280	13 666 713	60 385 993	60 011 185	(374 808)	53 541 038
Vote 2 - Community and social services	9 317 495	(88 889)	9 228 606	7 745 919	(1 482 687)	6 527 324
Vote 3 - Corporate services	78 085 282	2 258 858	80 344 140	57 567 923	(22 776 217)	55 135 274
Vote 4 - Electricity	77 609 149	(420 000)	77 189 149	77 098 591	(90 558)	70 727 301
Vote 5 - Environmental protection	299 143	(200 000)	99 143	243	(98 900)	182
Vote 6 - Executive and council	38 183 742	1 641 794	39 825 536	39 600 513	(225 023)	35 870 249
Vote 7 - Housing	43 587 556	2 881 525	46 469 081	17 800 316	(28 668 765)	6 457 727
Vote 8 - Planning and development	13 115 905	702 121	13 818 026	11 278 087	(2 539 939)	11 973 453
Vote 9 - Public safety	55 854 349	7 626 739	63 481 088	55 417 777	(8 063 311)	62 942 421
Vote 10 - Road transport	30 373 903	1 543 089	31 916 992	31 851 406	(65 586)	31 966 719
Vote 11 - Sport and recreation	10 772 090	(263 923)	10 508 167	9 459 352	(1 048 815)	8 105 881
Vote 12 - Waste management	53 118 966	(61 763)	53 057 203	42 927 709	(10 129 494)	42 099 037
Vote 13 - Waste water management	39 149 870	654 084	39 803 954	35 862 620	(3 941 334)	31 140 302
Vote 14 - Water	54 995 672	(299 059)	54 696 613	54 350 783	(345 830)	49 082 507
Total Expenditure by Vote	551 182 402	29 641 289	580 823 691	500 972 424	(79 851 267)	465 569 415
Surplus/(Deficit) for the year	28 839 611	(5 025 936)	23 813 675	87 717 176	63 903 501	67 051 891

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	100 604 060	-	100 604 060	101 759 520	1 155 460	98 144 521
Service charges - electricity revenue	85 711 895	1 050 000	86 761 895	87 904 083	1 142 188	79 874 319
Service charges - water revenue	72 707 943	(5 811 200)	66 896 743	72 368 259	5 471 516	63 784 303
Service charges - sanitation revenue	32 562 028	1 008 236	33 570 264	31 012 199	(2 558 065)	27 192 481
Service charges - refuse revenue	34 046 544	1 058 154	35 104 698	32 686 769	(2 417 929)	29 858 565
Rental of facilities and equipment	2 035 200	-	2 035 200	1 810 592	(224 608)	1 842 854
Interest earned - external investments	6 158 600	-	6 158 600	9 846 515	3 687 915	8 157 487
Interest earned - outstanding debtors	8 000 000	8 000 000	16 000 000	16 472 261	472 261	10 307 713
Fines, penalties and forfeits	32 119 060	18 156 940	50 276 000	40 182 926	(10 093 074)	48 235 143
Licences and permits	58 300	(26 300)	32 000	35 678	3 678	31 176
Agency services	6 146 389	402 463	6 548 852	6 898 029	349 177	6 674 076
Transfers recognised - operating	146 043 306	5 344 838	151 388 144	116 115 262	(35 272 882)	96 988 944
Other revenue	6 480 994	(98 443)	6 382 551	24 072 729	17 690 178	11 112 477
Total Revenue (excl capital transfers)	532 674 319	29 084 688	561 759 007	541 164 822	(20 594 185)	482 204 057
EXPENDITURE BY TYPE						
Employee related costs	201 997 634	59 128	202 056 762	192 825 882	(9 230 880)	181 044 060
Remuneration of councillors	12 179 060	-	12 179 060	11 706 906	(472 154)	11 538 787
Debt impairment	57 890 471	20 498 713	78 389 184	73 352 663	(5 036 521)	81 973 432
Depreciation & asset impairment	31 304 799	-	31 304 799	20 810 756	(10 494 043)	24 121 700
Finance charges	22 361 693	-	22 361 693	18 698 906	(3 662 787)	19 009 684
Bulk purchases	75 374 025	-	75 374 025	76 381 521	1 007 496	67 091 482
Other Materials	61 848 990	(2 483 531)	59 365 459	-	(59 365 459)	-
Contracted Services	44 695 270	9 218 356	53 913 626	38 237 575	(15 676 051)	30 579 325
Transfers and grants	232 260	114 367	346 627	2 642 281	2 295 654	2 476 180
Other expenditure	43 298 200	2 234 256	45 532 456	65 288 750	19 756 294	45 375 837
Loss on disposal of PPE	-	-	-	1 027 163	1 027 163	2 358 925
Total Expenditure	551 182 402	29 641 289	580 823 691	500 972 402	(79 851 289)	465 569 413
Surplus/(Deficit)	(18 508 083)	(556 601)	(19 064 684)	40 192 419	59 257 103	16 634 644
Transfers recognised - capital	47 347 694	(4 609 335)	42 738 359	34 341 177	(8 397 182)	50 145 492
Contributed Assets	-	140 000	140 000	13 183 602	13 043 602	271 756
Surplus/(Deficit) for the year	28 839 611	(5 025 936)	23 813 675	87 717 198	63 903 523	67 051 892

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Budget and treasury office	-	-	-	-	-	-
Vote 2 - Community and social services	-	-	-	-	-	-
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Electricity	165 000	-	165 000	145 864	(19 136)	3 642 453
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-
Vote 8 - Planning and development	-	-	-	-	-	-
Vote 9 - Public safety	-	-	-	-	-	-
Vote 10 - Road transport	877 193	100 719	977 912	977 912	-	9 880 759
Vote 11 - Sport and recreation	-	-	-	-	-	-
Vote 12 - Waste management	-	-	-	-	-	-
Vote 13 - Waste water management	18 686 269	(273 757)	18 412 512	18 386 744	(25 768)	10 889 508
Vote 14 - Water	3 836 287	-	3 836 287	3 755 663	(80 624)	4 030 880
Total Multi-year expenditure	23 564 749	(173 038)	23 391 711	23 266 183	(125 528)	28 443 601
Single-year expenditure						
Vote 1 - Budget and treasury office	-	26 594	26 594	23 809	(2 785)	18 897
Vote 2 - Community and social services	358 000	-	358 000	233 623	(124 377)	421 142
Vote 3 - Corporate services	2 402 922	2 637 475	5 040 397	4 989 500	(50 897)	5 044 856
Vote 4 - Electricity	3 350 000	1 490 092	4 840 092	4 550 437	(289 655)	10 540 098
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	3 745 815	(2 011 702)	1 734 113	1 136 796	(597 317)	1 224 201
Vote 7 - Housing	24 100 000	(6 014 968)	18 085 032	11 112 451	(6 972 581)	14 937 454
Vote 8 - Planning and development	-	15 198 612	15 198 612	13 221 072	(1 977 540)	17 408
Vote 9 - Public safety	6 300 000	(5 267 640)	1 032 360	941 850	(90 510)	400 767
Vote 10 - Road transport	100 000	40 000	140 000	29 807	(110 193)	583 872
Vote 11 - Sport and recreation	1 600 000	-	1 600 000	825 703	(774 297)	984 866
Vote 12 - Waste management	10 734 180	1 312 052	12 046 232	12 046 232	-	1 290 895
Vote 13 - Waste water management	-	-	-	-	-	1 818 282
Vote 14 - Water	2 500 000	2 466 868	4 966 868	4 155 265	(811 603)	21 487 648
Total Single-year expenditure	55 190 917	9 877 383	65 068 300	53 266 544	(11 801 757)	58 770 389
Total Capital Expenditure by Vote	78 755 666	9 704 345	88 460 011	76 532 726	(11 927 285)	87 213 990

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	-
Finance and administration	6 148 737	646 867	6 795 604	6 145 853	(649 751)	6 287 955
Internal audit	-	5 500	5 500	4 252	(1 248)	-
Community and public safety						
Community and social services	358 000	-	358 000	233 623	(124 377)	421 142
Sport and recreation	1 600 000	-	1 600 000	825 703	(774 297)	984 866
Public safety	-	-	-	-	-	-
Housing	24 100 000	(6 014 968)	18 085 032	11 112 451	(6 972 581)	14 937 454
Economic and environmental services						
Planning and development	-	15 198 612	15 198 612	13 221 072	(1 977 540)	17 408
Road transport	7 277 193	(5 126 921)	2 150 272	1 949 569	(200 703)	10 865 399
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	3 515 000	1 490 092	5 005 092	4 696 301	(308 791)	14 182 552
Water management	6 336 287	2 466 868	8 803 155	7 910 928	(892 227)	25 518 528
Waste water management	18 686 269	(273 757)	18 412 512	18 386 744	(25 768)	12 707 790
Waste management	10 734 180	1 312 052	12 046 232	12 046 232	-	1 290 895
Other	-	-	-	-	-	-
Total Capital Expenditure - Standard	78 755 666	9 704 345	88 460 011	76 532 726	(11 927 285)	87 213 990
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	22 488 695	836 208	23 324 903	23 140 673	(184 230)	28 973 640
Provincial Government	24 859 000	(5 445 543)	19 413 457	11 722 371	(7 691 086)	17 085 438
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers recognised - capital	47 347 695	(4 609 335)	42 738 360	34 863 044	(7 875 316)	46 059 077
Public contributions & donations	-	15 301 142	15 301 142	13 213 409	(2 087 733)	-
Borrowing	10 420 279	3 724 535	14 144 814	13 694 993	(449 821)	26 260 822
Internally generated funds	20 987 692	(4 711 997)	16 275 695	14 761 281	(1 514 414)	14 894 090
Total Capital Funding	78 755 666	9 704 345	88 460 011	76 532 726	(11 927 285)	87 213 990

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	87 112 332	(3 631 111)	83 481 220	100 519 945	17 038 725	93 424 697
Service charges	194 850 478	(10 358 120)	184 492 358	190 299 250	5 806 893	168 548 843
Other revenue	19 664 760	828 750	20 493 510	31 413 800	10 920 291	18 646 258
Government - operating	146 043 306	(4 854 046)	141 189 260	145 285 351	4 096 090	100 520 628
Government - capital	47 347 694	(7 534 389)	39 813 305	34 341 177	(5 472 128)	50 145 492
Interest	13 085 742	6 349 653	19 435 395	9 846 515	(9 588 880)	8 157 487
Payments						
Suppliers and employees	(441 357 893)	24 387 299	(416 970 594)	(372 725 314)	44 245 280	(332 056 303)
Finance charges	(12 782 977)	-	(12 782 977)	(8 682 626)	4 100 351	(9 576 269)
Transfers and grants	(232 260)	(114 367)	(346 627)	(2 642 281)	(2 295 654)	(2 476 180)
NET CASH FROM OPERATING ACTIVITIES	53 731 181	5 073 669	58 804 850	127 655 818	68 850 968	95 334 652
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	780 337	780 337	295 000
Decrease (increase) other non-current receivables	1 361	13 384	14 744	-	(947 181)	-
Decrease (increase) in non-current investments	-	-	-	(932 436)	-	(923 739)
Payments						
Capital assets	(78 755 666)	5 494 267	(73 261 399)	(63 349 124)	9 912 275	(86 942 234)
NET CASH USED IN INVESTING ACTIVITIES	(78 754 305)	5 507 650	(73 246 655)	(63 501 224)	9 745 431	(87 570 973)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	10 420 279	3 724 536	14 144 815	10 420 279	(3 724 536)	-
Increase (decrease) in consumer deposits	289 716	(7 265)	282 451	(81 648)	(364 099)	2 714
Payments						
Repayment of borrowing	(8 462 730)	(772 270)	(9 235 000)	(7 453 637)	1 781 363	(8 189 282)
NET CASH FROM FINANCING ACTIVITIES	2 247 264	2 945 002	5 192 266	2 884 994	(2 307 272)	(8 186 568)
NET INCREASE/ (DECREASE) IN CASH HELD	(22 775 859)	13 526 321	(9 249 538)	67 039 588	76 289 126	(422 889)
Cash/cash equivalents at the year begin:	41 610 837	22 289 724	63 900 561	63 900 561	-	64 323 450
Cash/cash equivalents at the year end:	18 834 978	35 816 045	54 651 023	130 940 149	76 289 126	63 900 561