

OVERBERG

DISTRICT MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2013

OVERBERG DISTRICT MUNICIPALITY

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OVERBERG DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Overberg Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Overberg Municipality includes the following areas:

*Cape Agulhas
Overstrand
Swellendam
Theewaterskloof*

ACTING MUNICIPAL MANAGER

W A Du Toit

ACTING CHIEF FINANCIAL OFFICER

J J Burger

REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

First National Bank

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
SALGBC Leave Regulations

OVERBERG DISTRICT MUNICIPALITY

MEMBERS OF THE OVERBERG DISTRICT MUNICIPALITY

COUNCILLORS

Theewaterskloof	<i>CD November</i>
Overstrand	<i>NM Sapepa</i>
Cape Agulhas	<i>PN Atyhosi</i>
Overstrand	<i>PJ May</i>
Theewaterskloof	<i>UT Sipunzi</i>
Overstrand	<i>DP Coetzee</i>
Theewaterskloof	<i>IM Sileku</i>
Cape Agulhas	<i>JG Nieuwoudt</i>
Theewaterskloof	<i>KJ Tiemie</i>
Theewaterskloof	<i>ML Hector</i>
Overstrand	<i>A Coetsee</i>
Swellendam	<i>J Du Toit Loubser</i>
Proportional (Passed away during June)	<i>M Damon</i>
Proportional	<i>S Tebele</i>
Proportional	<i>J Gelderblom</i>
Proportional	<i>L De Bruyn</i>
Proportional	<i>A Franken</i>
Proportional	<i>D Oosthuizen</i>
Proportional	<i>D Du Toit</i>
Proportional	<i>J Kriel</i>
Proportional	<i>DC Ruiters</i>

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2013, which are set out on pages 1 to 73 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 2013 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.

W A Du Toit
Acting Municipal Manager

**WA du Toit
ACTING MUNICIPAL
MANAGER**

Date

27/8/2013

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R
NET ASSETS AND LIABILITIES			
Net Assets		(27 250 825)	(29 306 097)
Accumulated Deficit		(27 250 825)	(29 306 097)
Non-Current Liabilities		60 322 253	57 810 371
Long-term Liabilities	2	1 876 157	1 980 446
Employee benefits	3	51 235 312	49 185 635
Non-Current Provisions	4	7 210 784	6 644 290
Current Liabilities		20 417 087	16 012 571
Consumer Deposits	5	17 590	20 080
Current Employee benefits	6	7 335 489	6 836 922
Payables from exchange transactions	7	1 221 210	1 854 364
Unspent Conditional Government Grants and Receipts	8	10 951 310	2 111 705
Taxes	9.1	-	1 649 543
Cash and Cash Equivalents	18	-	2 109 488
Current Portion of Long-term Liabilities	2	891 489	1 430 469
Total Net Assets and Liabilities		53 488 515	44 516 845
ASSETS			
Non-Current Assets		36 221 704	38 806 960
Property, Plant and Equipment	10	34 234 502	36 420 916
Intangible Assets	11	342 978	344 300
Capitalised Restoration Cost	12	1 644 223	1 710 913
Non-Current Investments	13	-	330 832
Current Assets		17 266 811	5 709 885
Inventory	14	924 616	997 967
Assets held for sale		1 832 585	2 213 618
Receivables from exchange transactions	15	439 560	683 444
Receivables from non-exchange transactions	16	1 448 158	1 632 172
Unpaid Conditional Government Grants and Receipts	8	-	41 532
Taxes	9.3	134 665	-
Cash and Cash Equivalents	18	12 487 228	141 151
Total Assets		53 488 515	44 516 845

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		89 069 920	81 557 411	-	81 557 411
Transfer Revenue		88 328 070	81 557 411	-	81 557 411
Government Grants and Subsidies	19	88 328 070	81 539 618	-	81 539 618
Public Contributions and Donations		-	17 793	-	17 793
Other Revenue		741 851	-	-	-
Actuarial Gains	3	741 851	-	-	-
Revenue from Exchange Transactions		20 554 919	18 311 601	(438 773)	18 750 374
Service Charges	20	621 345	2 171 796	-	2 171 796
Rental of Facilities and Equipment		11 144 665	10 515 890	(21 397)	10 537 287
Interest Earned - external investments		484 647	337 611	-	337 611
Interest Earned - outstanding debtors		3 918	3 365	-	3 365
Licences and Permits		45 040	9 940	-	9 940
Agency Services		3 873 146	2 986 187	(417 376)	3 403 563
Other Income	21	3 675 127	2 109 246	-	2 109 246
Dividends received		-	2 995	-	2 995
Dividends in specie		-	174 571	-	174 571
Fair Value Gains		42 288	-	-	-
Gain on disposal of Property, Plant and Equipment		664 742	-	-	-
Total Revenue		109 624 839	99 869 012	(438 773)	100 307 785
EXPENDITURE					
Employee related costs	22	52 276 396	50 870 271	6 055	50 864 217
Remuneration of Councillors	23	3 979 297	4 204 577	-	4 204 577
Debt Impairment	24	-	652 743	-	652 743
Depreciation and Amortisation	25	2 400 113	2 667 449	5 357	2 662 092
Impairments	26	9 992	2 329 189	(142 175)	2 471 364
Repairs and Maintenance		20 040 801	15 866 173	-	15 866 173
Actuarial losses	3	-	3 451 166	-	3 451 166
Fair Value losses		15 310	71 899	-	71 899
Finance Charges	27	1 392 464	1 130 850	-	1 130 850
Contracted services		255 754	773 524	-	773 524
Grants and Subsidies	28	-	12 250	-	12 250
Operating Grant Expenditure		2 031 226	3 558 125	-	3 558 125
General Expenses	29	24 537 151	21 500 700	20 738	21 479 962
Loss on disposal of Property, Plant and Equipment		631 064	-	-	-
Fair Value Adjustments		-	-	-	-
Total Expenditure		107 569 567	107 088 915	(110 026)	107 198 941
NET DEFICIT FOR THE YEAR		2 055 272	(7 219 904)	(328 747)	(6 891 156)

OVERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 JUNE 2013 R	30 JUNE 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		18 556 089	17 771 356
Government - operating		97 397 982	79 931 077
Interest		488 565	340 976
Dividends		-	2 995
Payments			
Suppliers and employees		(101 652 019)	(99 058 873)
Finance charges	27	(306 133)	(492 019)
Transfers and Grants		-	(12 250)
Cash generated by operations	32	14 484 483	(1 516 738)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	10	(1 384 260)	(311 771)
Purchase of Investment property		-	-
Proceeds on Disposal of Fixed Assets		1 704 337	-
Purchase of Intangible Assets		(61 045)	(16 662)
Proceeds on Disposal of Non-Current Investments		357 810	-
Net Cash from Investing Activities		616 842	(328 434)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(643 269)	(1 550 486)
New loans raised		-	-
Increase(Decrease) in Consumer Deposits		(2 490)	(2 490)
Net Cash from Financing Activities		(645 759)	(1 552 976)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14 455 565	(3 398 147)
Cash and Cash Equivalents at the beginning of the year		(1 968 338)	1 429 810
Cash and Cash Equivalents at the end of the year	18	12 487 228	(1 968 338)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14 455 565	(3 398 147)

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R Actual	2013 R Final Budget	2013 R Variance	Explanations for material variances
ASSETS				
Current assets				
Cash	12 487 228	2 998 552	9 488 675	Variance due to advance for the roads function for Jule and August 2013 received during June 2013
Consumer debtors	439 560	2 495 817	(2 056 257)	Consumer debtors reduced due to payment by principle for roads function of shortfall for 2011/12
Other Receivables	3 415 408	2 360 117	1 055 291	Increase due to reduction in payment levels by consumers
Inventory	924 616	1 138 542	(213 927)	Inventory balance reduced due to manage expenditure levels
Total current assets	17 266 811	8 993 029	8 273 783	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	330 832	(330 832)	Shares sold during the year
Property, plant and equipment	34 234 502	36 655 641	(2 421 139)	Capital expenditure reduced due to sale of properties to finance expenditure not realising
Intangible Assets	342 978	296 680	46 298	Capital expenditure reduced due to sale of properties to finance expenditure not realising
Total non current assets	34 577 480	37 283 153	(2 705 673)	
TOTAL ASSETS	51 844 292	46 276 182	5 568 110	
LIABILITIES				
Current liabilities				
Bank overdraft	-	2 488 491	(2 488 491)	Bank overdraft eradicated due to improved financial position
Borrowing	891 489	1 015 843	(124 354)	Amount reduced due to financial leases being cheaper than
Consumer deposits	17 590	20 080	(2 490)	Number of consumers reduced due to partial closure of the
Trade and other payables	12 172 520	3 248 115	8 924 404	Variance due to advance for the roads function for Jule and August 2013 received during June 2013
Provisions and Employee Benefits	7 335 489	6 836 922	498 567	Adjustments due to actuarial calculations
Total current liabilities	20 417 087	13 609 451	6 807 636	
Non current liabilities				
Borrowing	1 876 157	1 769 619	106 538	Borrowing increased due to leased vehicles being more
Provisions and Employee Benefits	58 446 096	59 574 425	(1 128 329)	Adjustments due to actuarial calculations
Total non current liabilities	60 322 253	61 344 044	(1 021 791)	
TOTAL LIABILITIES	80 739 340	74 953 495	5 785 845	
NET ASSETS	(28 895 048)	(28 677 313)	(217 735)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	(27 250 825)	(28 677 313)	1 426 488	Deficit reduced due to improved financial position of the
TOTAL COMMUNITY WEALTH/EQUITY	(27 250 825)	(28 677 313)	1 426 488	

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	
	Approved Budget	Adjustments	Final Budget	Explanations for material adjustments
ASSETS				
Current assets				
Cash	-	2 998 552	2 998 552	Budget has been adjusted to make provision for improvement in the municipality's financial position
Consumer debtors	1 923 202	572 615	2 495 817	Debtors have been increased due to reduction in payment
Other Receivables	550 000	1 810 117	2 360 117	Adjustment due to reduction in payment levels
Inventory	967 234	171 308	1 138 542	Inventory has been increased due to rise of prices of
Total current assets	3 440 437	5 552 592	8 993 029	
Non current assets				
Investments	-	330 832	330 832	Provision was made for shares in Overberg Agri and Pioneer PPE has been reduced due to expansion at Karwyderskraal
Property, plant and equipment	61 549 767	(24 894 126)	36 655 641	postponed and properties for funding of other capital items
Intangible Assets	884 272	(587 591)	296 680	Expected amount decreased due to properties for funding
Total non current assets	62 434 039	(25 150 885)	37 283 153	
TOTAL ASSETS	65 874 476	(19 598 294)	46 276 182	
LIABILITIES				
Current liabilities				
Bank overdraft	5 378 780	(2 890 290)	2 488 491	Final amount decreased to make provision for improved
Borrowing	1 050 000	(34 157)	1 015 843	Adjusted to realistically anticipated amount
Consumer deposits	24 827	(4 747)	20 080	Adjusted to realistically anticipated amount
Trade and other payables	6 126 311	(2 878 196)	3 248 115	Adjusted due to improved financial management of creditors
Provisions and Employee Benefits	7 364 629	(527 707)	6 836 922	Adjusted to realistically anticipated amount
Total current liabilities	19 944 548	(6 335 096)	13 609 451	
Non current liabilities				
Borrowing	9 510 915	(7 741 296)	1 769 619	Adjusted due to expansion of Karwyderskraal landfill site
Provisions and Employee Benefits	78 836 233	(19 261 808)	59 574 425	Adjusted due to provision for rehabilitation of landfill site being changed to provision for used space only
Total non current liabilities	88 347 148	(27 003 104)	61 344 044	
TOTAL LIABILITIES	108 291 695	(33 338 200)	74 953 495	
NET ASSETS	(42 417 220)	13 739 907	(28 677 313)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	(42 417 220)	13 739 907	(28 677 313)	Adjusted due to changes in provision for rehabilitation of
TOTAL COMMUNITY WEALTH/EQUITY	(42 417 220)	13 739 907	(28 677 313)	

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R	2013 R	2013 R	
	Actual	Final Budget	Variance	Explanations for material variances
REVENUE BY SOURCE				
Service charges	621 345	508 800	112 545	Permanent residents at resorts being charged for services
Rental of facilities and equipment	11 144 665	11 403 550	(258 885)	Reduced due to weaker economic climate and less usage of the resorts
Interest earned - external investments	484 647	500 000	(15 353)	Decrease due to limited cash flow resources available
Interest earned - outstanding debtors	3 918	3 840	78	Outstanding debtors increased due to reduced payment levels
Actuarial Gains	741 851	-	741 851	Adjustments due to actuarial calculations
Licences and permits	45 040	32 000	13 040	Increase due to permits being issued by Municipal Health
Agency services	3 873 146	3 625 580	247 566	Increase due to additional grants received for roads function
Government Grants and Subsidies - Operating	88 188 280	92 582 110	(4 393 830)	Increase due to additional allocation to municipality for the roads function
Other revenue	3 717 415	4 083 100	(365 685)	Reduced due to weaker economic climate and less usage of the resorts
Gains on disposal of PPE	664 742	657 950	6 792	Not material
Total Operating Revenue	109 485 049	113 396 930	(3 911 881)	
EXPENDITURE BY TYPE				
Employee related costs	52 276 396	50 747 300	1 529 096	Increase due to suspension of MM and acting allowances paid
Remuneration of councillors	3 979 297	4 105 100	(125 803)	Reduced due to MEC for Local Government not approving salary increase
Depreciation & asset impairment	2 400 113	2 727 970	(327 857)	Decreased due to properties for funding of assets not sold
Finance charges	1 392 464	1 451 190	(58 726)	Reduced due to leased assets being cheaper than anticipated
Impairments	9 992	-	9 992	Redundant assets being written off
Contracted services	255 754	281 950	(26 196)	Reduced due to Karwyderskraal landfill site still being closed
Other expenditure	46 624 488	54 830 260	(8 205 772)	Reduced due to financial management cutting back expenditure in an effort to
Loss on disposal of PPE	631 064	-	631 064	Assets sold for less than their carrying value
Total Operating Expenditure	107 569 567	114 143 770	(6 574 203)	
Operating Surplus/(Deficit) for the year	1 915 482	(746 840)	2 662 322	
Government Grants and Subsidies - Capital	139 790	-	139 790	Assets bought from FMG and MSIG
Net Surplus/(Deficit) for the year	2 055 272	(746 840)	2 802 112	

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R Approved Budget	2013 R Adjustments	2013 R Final Budget	2013 R Final Virements	2013 R Final Year End Budget	Reasons for material adjustments
REVENUE BY SOURCE						
Service charges	1 424 300	(915 500)	508 800	-	508 800	Reduced due to Karwyderskraal landfill site still being closed
Rental of facilities and equipment	14 189 150	(2 785 600)	11 403 550	-	11 403 550	Reduced due to weaker economic climate and less usage of the resorts
Interest earned - external investments	300 000	200 000	500 000	-	500 000	Increased due to improved cash flow position of the municipality
Interest earned - outstanding debtors	2 200	1 640	3 840	-	3 840	Outstanding debtors increased due to reduced payment levels
Dividends received	44 000	(44 000)	-	-	-	Shares have been sold during July 2012
Licences and permits	10 000	22 000	32 000	-	32 000	Increase due to permits being issued by Municipal Health
Agency services	4 138 880	(513 300)	3 625 580	-	3 625 580	Reduced due to calculation of VAT on amount allocated to municipality
Government Grants and Subsidies - Operating	81 959 000	10 623 110	92 582 110	3 370 000	95 952 110	Increase due to additional allocation to municipality for the roads function
Other revenue	667 854	3 415 246	4 083 100	-	4 083 100	Main increase due to the reversal of provision for debt impairment
Gains on disposal of PPE	6 438 000	(5 780 050)	657 950	-	657 950	Sale of properties did not realise during the year
Total Operating Revenue	109 173 384	4 223 546	113 396 930	3 370 000	116 766 930	
EXPENDITURE BY TYPE						
Employee related costs	52 102 620	(1 355 320)	50 747 300	1 053 000	51 800 300	Reduced due to vacant positions not filled during the year
Remuneration of councillors	4 580 314	(475 214)	4 105 100	-	4 105 100	Reduced due to MEC for Local Government not approving salary increase
Debt impairment	565 439	(565 439)	-	-	-	Reduced due to outstanding amount for roads function received
Depreciation & asset impairment	2 650 499	77 471	2 727 970	-	2 727 970	Increased due to provision for leased assets
Finance charges	1 545 950	(94 760)	1 451 190	-	1 451 190	Decreased due to properties for funding of assets not sold
Contracted services	800 000	(518 050)	281 950	-	281 950	Reduced due to Karwyderskraal landfill site still being closed
Other expenditure	44 970 943	9 859 317	54 830 260	2 317 000	57 147 260	Increased due to additional grants received for the roads function
Total Operating Expenditure	107 215 765	6 928 005	114 143 770	3 370 000	117 513 770	
Operating Surplus/(Deficit) for the year	1 957 619	(2 704 459)	(746 840)	-	(746 840)	
Net Surplus/(Deficit) for the year	1 957 619	(2 704 459)	(746 840)	-	(746 840)	

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R Actual	2013 R Final Budget	2013 R Variance	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	18 556 089	18 684 660	(128 571)	Not material
Government - operating	97 397 982	92 574 610	4 823 372	Additional allocations received for the roads function
Interest	488 565	503 840	(15 275)	Not material
Payments				
Suppliers and Employees	(101 652 019)	(106 649 215)	4 997 196	Reduced due to cut down on expenditure levels
Finance charges	(306 133)	(1 451 190)	1 145 057	Finance leases only raised during last quarter of the year
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>14 484 483</u>	<u>3 662 705</u>	<u>10 821 778</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	1 704 337	1 234 937	469 400	Actual proceeds more than originally anticipated
Proceeds on Disposal of Non-Current Investments	357 810	-	357 810	Shares of Overberg Agri as well as Pioneer Foods sold during the year
Payments				
Purchase of Intangible Assets	(61 045)	-	(61 045)	Purchased from FMG and MSIG as part of upgrading of financial network
Capital assets	(1 384 260)	(1 793 790)	409 530	Selling of properties for financing of capital expenditure did not realise
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>616 842</u>	<u>(558 853)</u>	<u>1 175 695</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	940 000	(940 000)	Budgeted amount for financial leases and not for actual external funds raised
Increase/(decrease) in consumer deposits	(2 490)	-	(2 490)	Dennehof only partially closed and not completely closed as anticipated
Payments				
Repayment of borrowing	(643 269)	(1 565 453)	922 183	Finance leases only raised during last quarter of the year
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>(645 759)</u>	<u>(625 453)</u>	<u>(20 307)</u>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>14 455 565</u>	<u>2 478 399</u>	<u>11 977 166</u>	
NET INCREASE/(DECREASE) IN CASH HELD				
Cash and Cash Equivalents at the beginning of the year	(1 968 338)	(1 968 338)	0	Due to improved financial position of municipality
Cash and Cash Equivalents at the end of the year	12 487 228	510 062	11 977 166	Due to improved financial position of municipality and advance on roads function for July and August 2013

**OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	
	Approved Budget	Adjustments	Final Budget	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	20 489 623	(1 804 963)	18 684 660	No revenue collected at Karwyderskraal landfill site
Government - operating	81 959 000	10 615 610	92 574 610	Increased allocation for performing the roads function
Interest				Increased due to improved cash flow position of the municipality
Dividends	302 200	201 640	503 840	
	-	-	-	
Payments				
Suppliers and Employees	(99 846 508)	(6 802 707)	(106 649 215)	Additional allocation received for the roads function also increases expenditure
Finance charges	(1 545 950)	94 760	(1 451 190)	Adjusted due to less financial leases being raised
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>1 358 365</u>	<u>2 304 340</u>	<u>3 662 705</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets				
	6 438 000	(5 203 063)	1 234 937	Only one of the buildings earmarked to be sold did sell during the year
Payments				
Capital assets	(14 938 000)	13 144 210	(1 793 790)	Reduced due to expansion of Karwyderskraal landfill site being postponed
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>(8 500 000)</u>	<u>7 941 147</u>	<u>(558 853)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	8 500 000	(7 560 000)	940 000	External loan for Karwyderskraal landfill site never raised
Increase/(decrease) in consumer deposits	2 257	(2 257)	-	All consumers paying deposits were expected to be moved with the closure of Dennehof Resort
Payments				
Repayment of borrowing	(1 350 000)	(215 453)	(1 565 453)	Provision made for repayment of external funding for financial leases
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>7 152 257</u>	<u>(7 777 710)</u>	<u>(625 453)</u>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>10 622</u>	<u>2 467 777</u>	<u>2 478 399</u>	
NET INCREASE/(DECREASE) IN CASH HELD	<u>10 622</u>	<u>2 467 777</u>	<u>2 478 399</u>	
Cash and Cash Equivalents at the beginning of the year	(5 389 403)	3 421 065	(1 968 338)	Provided for improved financial position of municipality
Cash and Cash Equivalents at the end of the year	(5 378 781)	5 888 843	510 062	Provided for improved financial position of municipality

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 JULY 2011	(21 039 317)	(21 039 317)
Correction of error - Refer to note 30.08	(1 046 876)	(1 046 876)
Restated balance on 1 JULY 2011	(22 086 193)	(22 086 193)
Net Deficit for the year	(7 219 904)	(7 219 904)
Balance at 30 JUNE 2012	(29 306 097)	(29 306 097)
Net Surplus for the year	2 055 272	2 055 272
Balance at 30 JUNE 2013	(27 250 825)	(27 250 825)

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The annual 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 – February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

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

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

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

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

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

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

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

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 7 (Revised – Mar 2012)	<p>Investments in Associate</p> <p>This Standard prescribes the accounting treatment for investments in joint ventures where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	1 April 2013
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p>	Unknown

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

<p>GRAP 20 (Original – June 2011)</p>	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that an Economic Entity's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<p>Unknown</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	<p>Unknown</p>
<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	<p>Unknown</p>
<p>GRAP 107 (Original – Nov 2010)</p>	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	<p>Unknown</p>
<p>IGRAP 11</p>	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Economic Entity does not have any SPE's at this stage.</p>	<p>Unknown</p>

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

IGRAP 12	Jointly Controlled Entities non-monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	Unknown
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.8. RESERVES

1.8.1 Employee Benefits Reserve

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus/(deficit).

1.9. LEASES

1.9.1 Municipality as Lessee

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

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

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.9.2 Municipality as Lessor

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

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

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.12. UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible 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 (for example in the case of obligations for the rehabilitation of land).

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

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

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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- (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.

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

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

1.14. EMPLOYEE BENEFITS

(a) *Post-Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against 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 charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *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 periodically 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 charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(c) Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(d) Provision for Staff Leave

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

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

Accumulated leave is vesting.

(e) Staff Bonuses Accrued

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

(f) Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. Currently no employee of the municipality is entitled to a performance bonus.

(g) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity 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 charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

(h) Other Short-term Employee Benefits

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

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

1.15. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The amount of borrowing costs that the Municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. . Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

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

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

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 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 associated with the asset.

1.15.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

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

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.15.4 Depreciation and Impairment

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

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	50-100
Electricity	20-30	Other vehicles	20
Water	20-30	Office equipment	6-25
Sewerage	30	Furniture and fittings	7-30
Housing	100	Watercraft	25

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		Bins and containers	25-50
<u>Community</u>		Specialised plant and	
Buildings	50-100	Equipment	5-35
Recreational Facilities	30-100	Other plant and	
Security	-5-20	Equipment	5-35
Halls	100	Landfill sites	15-120
Libraries	100		
Parks and gardens	30-100	Emergency equipment	5-35
Other assets	5-35	Computer equipment	5-15
<u>Finance lease assets</u>			
Office equipment	5		
Other assets	5		

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

1.15.5 De-recognition

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

1.15.6 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

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

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

Intangible assets are initially recognised at cost.

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

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Amortisation and Impairment

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	10
Computer Software Licenses	10

1.16.4 De-recognition

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

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1.16.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

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

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

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

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

1.17.2 Subsequent Measurement – Fair Value Model

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

1.17.4 De-recognition

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

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1.17.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.18. NON-CURRENT ASSETS HELD FOR SALE

1.18.1 Initial Recognition

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

1.18.2 Subsequent Measurement

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

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

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

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash-generating assets

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

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

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

(a) External sources of information

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

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discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

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

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

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

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1.19.2 Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

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

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

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less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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

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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

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

1.20. INVENTORIES

1.20.1 Initial Recognition

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

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

1.20.2 Subsequent Measurement

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

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

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

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

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

1.21.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.21.2 Subsequent Measurement

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

1.21.2.1 Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

1.21.2.2 *Payables and Annuity Loans*

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

1.21.2.3 *Cash and Cash Equivalents*

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

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

1.21.2.4 *Non-Current Investments*

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

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

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

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

1.21.3 De-recognition of Financial Instruments

1.21.3.1 Financial Assets

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

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

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

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

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

1.21.3.2 Financial Liabilities

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

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

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1.21.4 Offsetting of Financial Instruments

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

1.22. REVENUE

1.22.1 Revenue from Non-Exchange Transactions

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

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

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

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

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

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

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

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

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

1.22.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, is a subsequent event.

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

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

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue from the sale of goods is recognised when:

- Substantially all the risks and rewards in those goods are passed to the consumer; and
- The municipality seizes managerial involvement and control of the goods; and
- The amount of the revenue can be measured reliably; and
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred can be measured reliably.

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

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

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

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

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

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

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

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of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.23. RELATED PARTIES

The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

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

The following are regarded as related parties of the Economic Entity:

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

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

Management personnel include:

- (a) All directors or members of the governing body of the Economic Entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Economic Entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Economic Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic Entity 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 Economic Entity.

The Economic entity 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.

1.24. 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.

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality’s Supply Chain Management Policy. Irregular expenditure excludes

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

unauthorised expenditure. 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.

1.26. 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.

1.27. 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 entity. 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.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

1.28.1 *Post-retirement medical obligations, Long service awards and Ex gratia gratuities*

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

1.28.2 *Impairment of Receivables*

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.28.3 Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

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

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

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

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

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

1.28.4 Intangible Assets

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

Management referred to the following when making assumptions regarding useful lives of intangible assets:

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

1.28.5 Provisions and Contingent Liabilities

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

1.28.6 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 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 set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.28.7 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (borrowing rate) linked to prime was used to calculate the effect of time value of money.

1.28.8 Provision for Task Implementation

The provision at 30 June for Task Implementation represents the Economic Entity's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.28.9 Provision for Staff leave

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

1.28.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council. Currently no employee of the municipality is entitled to receive a performance bonus.

1.28.11 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. TAXATION

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Economic entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Economic entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Economic entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Economic entity to realise the net deferred tax assets recorded at the reporting date could be impacted.

1.30. TAXATION

1.30.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.30.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.30.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.31. 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 as part of receivables or payables in the Statement of Financial Position.

1.32. CAPITAL COMMITMENTS

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

1.33. 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 annual financial statements are authorised for issue. Two types of events can be identified:

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

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

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
2 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	1 958 300	2 618 380
Capitalised Lease Liability - At amortised cost	809 345	792 534
	2 767 645	3 410 915
Current Portion transferred to Current Liabilities	891 489	1 430 469
Annuity Loans - At amortised cost	723 069	660 080
Capitalised Lease Liability - At amortised cost	168 419	770 389
Total Long-term Liabilities - At amortised cost using the effective interest rate method	1 876 157	1 980 446

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	890 438	890 438
Payable within two to five years	1 204 273	1 877 838
Payable after five years	325 309	542 181
	2 420 019	3 310 457
Less: Future finance obligations	461 719	692 077
Present value of annuity obligations	1 958 300	2 618 380

Annuity loans at amortised cost is calculated at 13.22% interest rate, with a maturity date of 30 June 2015. The loan is unsecured .

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	200 022	836 448
Payable within two to five years	663 875	22 466
Payable after five years		-
	863 898	858 914
Less: Future finance obligations	54 553	66 380
Present value of lease obligations	809 345	792 534

Leases are secured by property, plant and equipment - Note 10

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
3	EMPLOYEE BENEFITS		
	Post Retirement Benefits - Refer to Note 3.1	47 522 303	45 670 123
	Long Service Awards - Refer to Note 3.2	3 713 009	3 515 512
	Total Non-current Employee Benefit Liabilities	51 235 312	49 185 635
	<u>Post Retirement Benefits</u>		
	Balance 1 July	48 166 771	42 471 302
	Current service cost	1 484 626	1 227 026
	Interest Cost	3 490 883	3 494 648
	Expenditure for the year	(2 352 755)	(2 283 236)
	Actuarial Loss / (Gain)	(615 546)	3 257 031
	Total post retirement benefits 30 June	50 173 979	48 166 771
	Less: Transfer of Current Portion - Note 6	(2 651 676)	(2 496 648)
	Balance 30 June	47 522 303	45 670 123
	<u>Long Service Awards</u>		
	Balance 1 July	3 886 091	3 417 827
	Current service cost	423 602	403 963
	Interest Cost	238 093	246 612
	Expenditure for the year	(305 415)	(376 447)
	Actuarial Loss / (Gain)	(126 304)	194 136
	Total long service 30 June	4 116 067	3 886 091
	Less: Transfer of Current Portion - Note 6	(403 058)	(370 579)
	Balance 30 June	3 713 009	3 515 512
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	52 052 862	45 889 129
	Contribution for the year	1 908 228	1 630 989
	Interest cost	3 728 976	3 741 260
	Expenditure for the year	(2 658 170)	(2 659 682)
	Actuarial Loss / (Gain)	(741 851)	3 451 166
	Total employee benefits 30 June	54 290 046	52 052 862
	Less: Transfer of Current Portion - Note 6	(3 054 734)	(2 867 227)
	Balance 30 June	51 235 312	49 185 635
3.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	107	112
	Continuation members (e.g. Retirees, widows, orphans)	89	92
	Total Members	196	204
		2013	2012
		R	R
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	14 448 503	13 165 926
	Continuation members	35 725 476	35 000 845
	Total Liability	50 173 979	48 166 771

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

	2011 R	2010 R	2009 R
Total Liability	42 471 302	34 892 256	33 204 939

Experience adjustments were calculated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	491 000	(7 000)	2 966 000
Assets: Gain / (loss)	-	-	-

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

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

Bonitas;
 LA Health;
 Samwumed; and
 Keyhealth.

Key actuarial assumptions used:

i) Rate of interest

	2013	2012
Discount rate	8.21%	7.44%
Health Care Cost Inflation Rate	7.42%	6.80%
Net Effective Discount Rate	0.74%	0.60%

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

ii) Mortality rates

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

iii) Normal retirement age

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

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	47 522 303	45 670 123
Net liability/(asset)	47 522 303	45 670 123

The fund is wholly unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	48 166 771	42 471 302
Total expenses	2 622 754	2 438 439
Current service cost	1 484 626	1 227 026
Interest Cost	3 490 883	3 494 648
Benefits Paid	(2 352 755)	(2 283 236)
Actuarial losses	(615 546)	3 257 031
Present value of fund obligation at the end of the year	50 173 979	48 166 771
Less: Transfer of Current Portion - Note 6	(2 651 676)	(2 496 648)
Balance 30 June	47 522 303	45 670 123

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	14.449	35.725	50.174	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	17.704	39.449	57.153	14%
Health care inflation	-1%	11.888	32.506	44.394	-12%
Post-retirement mortality	-1 year	14.952	37.234	52.186	4%
Average retirement age	-1 year	15.654	35.725	51.379	2%
Withdrawal Rate	-50%	15.755	35.725	51.480	3%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		1 114 200	4 012 300	5 126 500	
Health care inflation	1%	1 375 900	4 585 200	5 961 100	16%
Health care inflation	-1%	910 400	3 537 800	4 448 200	-13%
Post-retirement mortality	-1 year	1 151 900	4 177 500	5 329 400	4%
Average retirement age	-1 year	1 226 100	4 111 300	5 337 400	4%
Withdrawal Rate	-50%	1 256 000	4 119 500	5 375 500	5%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

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

	2013	2012
	283	290

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.24%	6.43%
General Salary Inflation (long-term)	6.78%	5.97%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.44%	0.43%

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

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

	2013 R	2012 R
Present value of fund obligations	3 713 009	3 515 512
Net liability	3 713 009	3 515 512

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

	2011 R	2010 R	2009 R
Total Liability	2 966 682	2 455 178	2 408 787

Experience adjustments were calculated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	(46 194)	9 744	254 596
Assets: Gain / (loss)	-	-	-

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

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Reconciliation of present value of fund obligation:	2013	2012
	R	R
Present value of fund obligation at the beginning of the year	3 886 091	3 417 827
Total expenses	356 280	274 128
Current service cost	423 602	403 963
Interest Cost	238 093	246 612
Benefits Paid	(305 415)	(376 447)
Actuarial losses	(126 304)	194 136
Present value of fund obligation at the end of the year	4 116 067	3 886 091
Less: Transfer of Current Portion - Note 6	(403 058)	(370 579)
Balance 30 June	3 713 009	3 515 512

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		4.116	
General salary inflation	1.00%	4.389	7%
General salary inflation	-1.00%	3.869	-6%
Average retirement age	-2	3.452	-16%
Average retirement age	2	4.728	15%
Withdrawal rates	-50.00%	4.725	15%

3.3 Retirement funds

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

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

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 23.06% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2012 financial year.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.9% (30 June 2011 - 100.3%).

DEFINED CONTRIBUTION FUNDS

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

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
4	NON-CURRENT PROVISIONS	R	R
	Provision for Rehabilitation of Landfill-sites	<u>7 210 784</u>	<u>6 644 290</u>
	<u>Landfill Sites</u>		
	Balance 1 July	6 644 290	6 007 826
	Unwinding of discounted interest	<u>566 494</u>	<u>636 464</u>
	Balance 30 June	<u>7 210 784</u>	<u>6 644 290</u>

The municipality has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows:

		2013	2012
		R	R
	<u>Estimated decommission date</u>		
	<u>Location</u>		<u>Cost of rehabilitation at the end of the useful life</u>
	Karwyderskraal	2042	
	Provision for Rehabilitation of Landfill-sites	<u>7 210 784</u>	<u>6 644 290</u>
	Total Non-current Provisions	<u>7 210 784</u>	<u>6 644 290</u>

5	CONSUMER DEPOSITS		
	Electricity	<u>17 590</u>	<u>20 080</u>
	Total Consumer Deposits	<u>17 590</u>	<u>20 080</u>

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

6	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 3	2 651 676	2 496 648
	Current Portion of Long-Service Provisions - Note 3	403 058	370 579
	Staff Leave	2 987 959	2 770 862
	Bonuses	<u>1 292 796</u>	<u>1 198 833</u>
	Total Current Employee Benefits	<u>7 335 489</u>	<u>6 836 922</u>

The movement in current employee benefits are reconciled as follows:

	<u>Staff Leave</u>		
	Balance at beginning of year	2 770 862	2 821 452
	Contribution to current portion	414 541	686 138
	Expenditure incurred	<u>(197 443)</u>	<u>(736 728)</u>
	Balance at end of year	<u>2 987 959</u>	<u>2 770 862</u>

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

	<u>Bonuses</u>		
	Balance at beginning of year	1 198 833	1 348 872
	Contribution to current portion	2 826 698	2 363 316
	Expenditure incurred	<u>(2 732 736)</u>	<u>(2 513 354)</u>
	Balance at end of year	<u>1 292 796</u>	<u>1 198 833</u>

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

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
7	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	608 883	1 320 662
	Balance Previously Reported		1 073 346
	Correction of error - Refer to note 30.01		245 567
	Payments received in advance	468 021	413 630
	Sundry Deposits	41 270	53 746
	Suspence Accounts	103 036	66 325
	Total Trade Payables	1 221 210	1 854 364

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

Sundry deposits include hall, builders and housing Deposits.

The municipality did not default on any of their payables.

Pension fund shortages

Balance at beginning of year	-	2 199 415
Contribution to current portion	-	(2 199 415)
Balance at end of year	-	-

It was reported that the established investment return of the fund for the past financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The municipality received a demand for payment of the said amount plus interest as from 15 February 2010. Accordingly, the comparative figures were restated with the interest portion accruing in the 2009/2010 financial year.

8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	10 951 310	2 111 705
National Government Grants	-	-
Provincial Government Grants	10 951 310	2 111 705
Less: Unpaid Grants	-	41 532
Total Conditional Grants and Receipts	10 951 310	2 070 173

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

9 TAXES

9.1 VAT PAYABLE

VAT Payable	136 742	1 934 375
Balance Previously Reported		168 483
Correction of error - Refer to note 30.02		1 765 892
Total Vat payable	136 742	1 934 375

9.2 VAT RECEIVABLE

VAT Receivable	271 407	284 832
Balance Previously Reported	-	282 245
Correction of error - Refer to note 30.02	-	2 587
Total VAT receivable	271 407	284 832

9.3 NET VAT RECEIVABLE/(PAYABLE)

	134 665	1 649 543
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VAT is receivable/payable on the cash basis.

OVERBERG DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2012	5 158 974	15 026 660	1 309 032	1 201 664	13 724 585	36 420 916
Cost	6 432 353	24 392 732	1 473 492	3 883 077	21 030 646	57 212 300
Original Cost	6 432 353	24 392 732	1 473 492	3 883 077	21 030 646	57 212 300
Accumulated Depreciation on 1 JULY 2012	(1 273 379)	(9 366 071)	(164 460)	(2 681 413)	(7 306 061)	(20 791 384)
Original Accumulated Depreciation	(1 273 379)	(9 366 071)	(164 460)	(2 681 413)	(7 306 061)	(20 791 384)
Acquisitions	-	5 667	33 620	821 872	523 101	1 384 260
Transfers from/(to) Non-current Assets Held for Sale - Note 10	(317 833)	-	-	-	(62 128)	(379 961)
Cost	(333 000)	-	-	-	(120 727)	(453 727)
Accumulated Depreciation	15 167	-	-	-	58 599	73 766
Depreciation	(40 279)	(817 090)	(16 861)	(630 423)	(776 396)	(2 281 049)
Carrying value of disposals/transfers/impairments	-	-	-	(431 440)	(478 223)	(909 663)
Cost	-	-	-	(1 163 569)	(597 519)	(1 761 088)
Accumulated Depreciation	-	-	-	732 129	119 296	851 424
Carrying value at 30 JUNE 2013	4 800 862	14 215 237	1 325 792	961 674	12 930 939	34 234 502
Cost	6 099 353	24 398 399	1 507 112	3 541 380	20 835 501	56 381 744
Accumulated Depreciation	(1 298 491)	(10 183 162)	(181 320)	(2 579 707)	(7 904 562)	(22 147 242)

30 JUNE 2012

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community assets R	Lease assets R	Other assets R	Total R
Carrying value at 1 JULY 2011	7 386 158	15 966 797	1 325 908	2 243 139	14 257 360	41 179 362
Cost	8 749 722	24 612 747	1 473 492	4 055 654	25 492 787	64 384 403
Original Cost	8 749 722	24 612 747	1 473 492	4 055 654	24 937 706	63 829 322
Correction of error - Note 33.1	-	-	-	-	2 727	2 727
Corrections due to VAT audit by SARS	-	-	-	-	142 175	142 175
Disposed assets re-instated	-	-	-	-	410 180	410 180
Assets Identified for the first time	-	-	-	-	-	-
Accumulated Depreciation	(1 363 563)	(8 645 951)	(147 584)	(2 030 549)	(8 901 659)	(21 089 307)
Original Accumulated Depreciation	(1 363 563)	(8 645 951)	(147 584)	(2 239 531)	(8 727 223)	(21 123 852)
Corrections due to VAT audit by SARS	-	-	-	-	(235)	(235)
Disposed assets re-instated	-	-	-	-	(50 185)	(50 185)
Assets Identified for the first time	-	-	-	-	(135 093)	(135 093)
Changes in useful life	-	-	-	208 982	11 076	220 058
Acquisitions	15 750	7 254	-	-	288 767	311 771.32
Transfers from/(to) Non-current Assets Held for Sale - Note 14	(2 004 938)	-	-	-	(208 404)	(2 213 342)
Cost	(2 101 875)	-	-	-	(322 584)	(2 424 459)
Accumulated Depreciation	96 937	-	-	-	114 180	211 117
Depreciation	(66 806)	(826 242)	(16 875)	(748 721)	(884 917)	(2 543 562)
Impairment losses	(171 191)	(121 148)	-	(74 720)	(2 061 988)	(2 429 047)
Cost	(231 244)	(227 270)	-	(172 577)	(4 428 324)	(5 059 415)
Accumulated Depreciation	60 053	106 122	-	97 857	2 366 336	2 630 368
Carrying value at 30 JUNE 2012	5 158 974	15 026 660	1 309 032	1 201 664	13 724 585	36 420 916
Cost	6 432 353	24 392 732	1 473 492	3 883 077	21 030 646	57 212 300
Accumulated Depreciation	(1 273 379)	(9 366 071)	(164 460)	(2 681 413)	(7 306 061)	(20 791 384)

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
11	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	344 300	389 136
	Cost	727 475	710 813
	Accumulated Amortisation	(383 175)	(321 676)
	Additions	61 045	16 662
	Amortisation	(62 367)	(61 499)
	Net Carrying amount at 30 June	342 978	344 300
	Cost	788 520	727 475
	Accumulated Amortisation	(445 542)	(383 175)

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

	<u>Remaining Amortisation</u> <u>Period</u>	Carrying Value	
<u>Description</u>		2013 R	2012 R
Microsoft Office and Windows software	5	342 978	344 300

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.

		2013 R	2012 R
12	CAPITALISED RESTORATION COST		
	Net Carrying amount at 1 July	1 710 913	1 810 260
	Cost	2 402 151	2 402 151
	Accumulated Depreciation	(595 479)	(538 448)
	Accumulated Impairments	(95 760)	(53 443)
	Depreciation	(56 697)	(57 030)
	Impairment	(9 992)	(42 317)
	Net Carrying amount at 30 June	1 644 223	1 710 913
	Cost	2 402 151	2 402 151
	Accumulated Depreciation	(652 176)	(595 479)
	Accumulated Impairments	(105 752)	(95 760)

		2013 R	2012 R
13	NON-CURRENT INVESTMENTS		
	Unlisted and listed Investment	-	330 832
	Total Non-Current Investments	-	330 832

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

Investments comprise of the following.

2852 Shares in Pioneer Foods @ R 61.21 per share	-	168 268	
2852 Shares in Overberg Agri @ R 57 per share	-	162 564	
	-	330 832	

		2013 R	2012 R
14	INVENTORY		
	Maintenance Materials - At cost	924 616	997 967
	Balance Previously Reported	-	1 138 542
	Correction of error - Refer to note 30.03	-	(140 575)
	Total Inventory	924 616	997 967

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
15 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	62 379	55 354
Water	11 555	9 991
Refuse	11 373	182 223
Housing rental	337 067	304 183
Sewerage	867	6 447
Creditors paid in advance	351 342	395 598
Provincial health function	9 063	33 107
Provincial roads function	-	3 950 185
Accrued Interest	-	2 995
Total Receivables from Exchange Transactions	783 645	4 940 083
Less: Allowance for Doubtful Debts	(344 085)	(4 256 639)
Total Net Receivables from Exchange Transactions	439 560	683 444

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

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	16 669	17 070
31 - 60 Days	9 429	12 138
61 - 90 Days	2 453	4 005
+ 90 Days	33 828	22 141
Total	62 379	55 354

(Water): Ageing

Current (0 - 30 days)	2 939	2 577
31 - 60 Days	1 798	1 683
61 - 90 Days	563	730
+ 90 Days	6 254	5 001
Total	11 555	9 991

(Refuse): Ageing

Current (0 - 30 days)	2 246	2 400
31 - 60 Days	1 618	1 618
61 - 90 Days	530	1 080
+ 90 Days	6 979	177 124
Total	11 373	182 223

(Sewerage): Ageing

Current (0 - 30 days)	460	630
31 - 60 Days	241	630
61 - 90 Days	166	630
+ 90 Days		4 557
Total	867	6 447

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<u>(Housing rental): Ageing</u>		
Current (0 - 30 days)	30 035	33 690
31 - 60 Days	20 164	15 867
61 - 90 Days	9 000	13 793
+ 90 Days	277 867	240 834
Total	337 067	304 183
<u>Creditors paid in advance</u>		
Current (0 - 30 days)	351 342	395 598
	351 342	395 598
<u>Provincial health function</u>		
Current (0 - 30 days)	9 063	33 107
	9 063	33 107
<u>Provincial roads function</u>		
Current (0 - 30 days)		3 950 185
	-	3 950 185
<u>(Accrued Interest): Ageing</u>		
Current (0 - 30 days)		2 995
	-	2 995
<u>(Total): Ageing</u>		
Current (0 - 30 days)	412 754	4 438 252
31 - 60 Days	33 251	31 936
61 - 90 Days	12 712	20 238
+ 90 Days	324 929	449 657
Total	783 645	4 940 083
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	4 256 639	3 300 956
Contribution to provision/(Reversal of provision)	(3 879 554)	1 005 617
Bad Debts Written Off	(33 000)	(49 934)
Balance at end of year	344 085	4 256 639

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

16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other Receivables	2 323 146	1 856 809
Electricity Deposits - Provincial clinics	3 874	3 874
Legal fees	34 035	35 134
Sundry Debtors	1 835 247	1 608 966
Balance Previously Reported	-	1 630 362
Correction of error - Refer to note 30.04	-	(21 397)
Suspense Debtors	449 990	208 836
Balance previously reported	-	1 770
Correction of error - Refer to note 30.04	-	193 966
Correction of error - Refer to note 30.04	-	13 100
Total Receivables from Non-Exchange Transactions	2 323 146	1 856 809
Less: Allowance for Doubtful Debts	(874 987)	(224 637)
Total Net Receivables from Non-Exchange Transactions	1 448 158	1 632 172

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	224 637	590 662
Contribution to provision/(Reversal of provision)	753 019	(352 873)
Bad Debts Written Off	(102 669)	(13 152)
Balance at end of year	874 987	224 637

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

17 OPERATING LEASE ARRANGEMENTS

17.1 The Municipality as Lessee (Liability)

Balance on 1 July	-	4 433
Movement during the year	-	(4 433)
Balance on 30 June	-	-

18 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	-	136 951
Bank Accounts	12 483 278	-
Cash Floats	3 950	4 200
Total Cash and Cash Equivalents - Assets	12 487 228	141 151

Liabilities

Bank Accounts	-	2 109 488
Total Cash and Cash Equivalents - Liabilities	-	2 109 488

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Cash book balance at beginning of year	-	1 425 810
Cash book balance at end of year	12 483 278	-

ABSA - Account Number 178000062

Bank statement balance at beginning of year	656 214	199 834
Bank statement balance at end of year	213 944	656 214

FNB - Account Number 62270787412

Bank statement balance at beginning of year	(2 740 429)	1 216 696
Bank statement balance at end of year	12 356 430	(2 740 429)

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Call Investments Deposits	-	136 951
	-	136 951

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
19 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	43 926 000	41 692 000
Equitable Share	43 926 000	41 692 000
Conditional Grants	44 402 070	39 847 618
Grants and donations	3 112 733	4 288 920
Subsidies	41 289 337	35 558 698
Total Government Grants and Subsidies	88 328 070	81 539 618

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

19.1 Equitable share

Opening balance	-	-
Grants received	43 926 000	41 692 000
Conditions met	(43 926 000)	(41 692 000)
Conditions still to be met	-	-

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

19.2 Health and Road Subsidy

Opening balance	-	-
Grants received	49 449 341	35 558 698
Conditions met	(41 289 337)	(35 558 698)
Conditions still to be met	8 160 004	-

Health subsidies was used to fund primary health care services in the municipal area. The road subsidy is utilised to upgrade the provincial road network in the municipal area.

19.3 Local Government Financial Management Grant (FMG)

Opening balance	(32 422)	959 846
Grants received	1 250 000	1 250 000
Conditions met	(1 217 578)	(2 242 268)
Conditions still to be recovered	-	(32 422)

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

19.4 Municipal Systems Improvement Grant

Opening balance	(9 110)	527 537
Grants received	1 000 000	790 000
Conditions met	(990 890)	(1 326 647)
Conditions still to be recovered	-	(9 110)

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

19.5 Municipal Infrastructure Grant (MIG)

Opening balance	-	64 244
Conditions met	-	(64 244)
Conditions met - Capital	-	-
Grant expenditure to be recovered	-	-

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
19.6 Bulk Waste Water Infrastructure Grant		
Opening balance	-	305 800
Grants received	-	-
Conditions met	-	(305 800)
Grant expenditure to be recovered	-	-
	<u>-</u>	<u>-</u>
19.7 Other Grants		
Opening balance	1 762 443	1 762 443
Grants received	1 772 641	640 379
Interest received	48 224	58 844
Conditions met	(1 141 265)	(349 961)
Conditions still to be met	2 442 044	2 111 705
	<u>2 442 044</u>	<u>2 111 705</u>
Various grants were received from other spheres of government.		
19.8 Total Grants		
Opening balance	2 070 173	3 619 870
Grants received	97 397 982	79 931 077
Interest received	48 224	58 844
Conditions met	(88 565 070)	(81 539 618)
Conditions still to be met/(Grant expenditure to be recovered)	10 951 310	2 070 173
	<u>10 951 310</u>	<u>2 070 173</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	10 951 310	2 111 705
Unpaid Conditional Government Grants and Receipts	-	(41 532)
	<u>10 951 310</u>	<u>2 070 173</u>
20 SERVICE CHARGES		
Refuse removal	33 259	1 813 867
Water, Electricity and Sewerage	588 086	357 928
	<u>621 345</u>	<u>2 171 796</u>
Less: Rebates	-	-
Total Service Charges	621 345	2 171 796
	<u>621 345</u>	<u>2 171 796</u>
21 OTHER INCOME		
Sundry income	3 675 127	2 109 246
Total Other Income	3 675 127	2 109 246
	<u>3 675 127</u>	<u>2 109 246</u>

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) and fees for items not included under service charges (camping, fire brigade and impounding fees)

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
22 EMPLOYEE RELATED COSTS		
Salaries and Wages	40 417 381	39 018 235
Bargaining Council Levy	21 313	15 301
Bonus	2 826 698	2 065 672
Contributions for UIF, pensions and medical aids	9 009 323	8 538 995
Group Life Insurance	807 374	746 199
Housing Subsidy	192 289	212 809
Leave Reserve Fund	414 541	444 121
Long service awards	661 695	564 234
Overtime	1 009 612	1 765 126
Post Employment Health	4 975 509	4 721 674
Skills development levy	437 422	426 836
Balance Previously Reported	-	420 781
Correction of error - Refer to note 30.05	-	6 055
Travel, motor car, telephone, assistance and other allowances	3 686 761	3 522 593
Workmens Compensation Contributions	386 974	318 977
	64 846 891	62 360 771
Less: Employee Costs allocated elsewhere	(12 570 495)	(11 490 500)
Total Employee Related Costs	52 276 396	50 870 271

KEY MANAGEMENT PERSONNEL

Municipal Manager and all other Directors are appointed on fixed term contracts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr MP Du Plessis

Annual Remuneration	845 700	264 000
Housing Subsidy	1 907	2 326
Travelling , car and other allowances	34 455	11 057
Contributions to UIF, Medical, Pension Funds and Bargaining Council	195 424	59 321
Total	1 077 486	336 704

Remuneration of the Director Financial Services - Mr RF Butler

Annual Remuneration	-	678 427
Back Pay	-	8 000
Acting allowance as Municipal Manager	-	83 096
Travelling , car and other allowances	-	57 368
Leave Paid	-	347 197
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	185 647
Total	-	1 359 735

Remuneration of the Manager Municipal Health - Mr WA Du Toit

Annual Remuneration	309 114	286 746
Back Pay	-	2 766
Acting allowance as Director Community Services and Municipal Manager	135 038	76 140
Annual Bonus	25 824	24 126
Travelling , car and other allowances	176 874	159 266
Contributions to UIF, Medical, Pension Funds and Bargaining Council	96 107	88 581
Total	742 957	637 624

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Remuneration of the Director Community Services - Mr GW Hermanus		
Annual Remuneration	-	529 706
Back Pay	-	8 000
Travelling , car and other allowances	-	43 576
Leave Paid	-	29 302
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	132 684
Total	-	743 269
<hr/>		
23 REMUNERATION OF COUNCILLORS		
Administrator	-	-
Mayor	632 094	606 438
Deputy Mayor	347 265	332 611
Speaker	544 619	544 413
Mayoral Committee Members	1 356 090	1 588 692
Councillors	1 099 228	1 132 423
Total Councillors' Remuneration	3 979 297	4 204 577
<hr/>		
In-kind Benefits		
The Executive Mayor and all the committee members are full-time. The Mayor are provided with secretarial support and an office at the cost of the Council.		
24 DEBT IMPAIRMENT		
Receivables from exchange transactions - Note 15	(753 019)	1 005 617
Receivables from non-exchange transactions - Note 16	753 019	(352 873)
Total Contribution to Debt Impairment	-	652 743
<hr/>		
25 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	2 281 049	2 548 919
Landfill Site	56 697	57 030
Intangible Assets	62 367	61 499
	2 400 113	2 667 449
<hr/>		
26 IMPAIRMENTS		
Landfill Site	9 992	42 317
Property,Plant and Equipment	-	2 286 872
	9 992	2 329 189
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OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
27	FINANCE CHARGES		
	Long-term Liabilities	240 073	288 544
	Bank overdraft	-	2 366
	Finance leases	66 059	203 475
	Tip Site	566 494	636 464
	SARS audit	519 837	-
	Total finance charges	1 392 464	1 130 850
28	GRANTS AND SUBSIDIES		
	Grants made	-	12 250
	Total Grants and Subsidies	-	12 250
29	GENERAL EXPENSES		
	Audit Fees	1 712 487	1 779 109
	Bank Charges	64 437	54 472
	Blades	343 866	334 810
	Burning Fuel	321 612	269 609
	Cleaning materials	68 464	75 450
	Equipment rental	1 050 749	1 155 678
	Fuel Cost	8 139 182	7 227 266
	Balance Previously Reported	-	7 210 733
	Correction of error - Refer to note 30.07	-	16 533
	Insurance	457 944	323 550
	Legal Cost	71 236	416 878
	Membership Fees	429 730	320 056
	Balance Previously Reported	-	315 851
	Correction of error - Refer to note 30.07	-	4 205
	Municipal services	4 131 838	3 614 628
	Oil	153 895	151 289
	Printing and stationery	180 075	204 995
	Professional Fees	2 270 851	12 461
	Safety clothes	302 723	257 851
	Security services	4 181	3 329
	Shelters & protection programmes	-	750
	Standby Chopper	533 315	1 040 906
	Telephone	1 451 477	1 556 443
	Training	160 679	76 898
	Travel and subsistence	288 262	224 842
	Tyres	858 806	1 118 243
	Youth development	-	1 599
	Other	1 541 342	1 279 590
	General Expenses	24 537 151	21 500 700

**2012
R**

30 CORRECTION OF ERROR IN TERMS OF GRAP 3

The municipality utilised the Transitional Provisions in Directive 4, issued by the Accounting Standards Board, in prior years. Information for the measurement of the applicable items for which the Transitional Provisions were utilised was since obtained and now restated retrospectively. In addition certain errors were detected which relates to prior years and were also restated retrospectively. The effects of these restatements are listed below.

30.01 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	1 607 047
Correction of SDL due to an additional levy on 30 June 2011 - Refer to note 7	20 274
Correction of SDL due to an additional levy on 30 June 2012 - Refer to note 7	6 055
Correction of PAYE incorrectly coded as pension fund contributions - Refer to note 7	193 966
Correction of Creditor not paid on 30 June 2011 - Refer to note 7	18 480
Correction of VAT on Creditor not paid on 30 June 2011 - Refer to note 7	2 587
Correction of SALGA Membership fee on 30 June 2012 - Refer to note 7	4 205
	1 852 614

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2012 R
30.02 TAXES		
	Balance previously reported	113 761
	Correction of VAT Payable treated incorrectly on Roads agency fee on 30 June 2011 - Refer to note 9.1	(1 345 512)
	Correction of VAT Payable on Assets - Invalid Capital Input Tax Claims on 30 June 2011 - Refer to note 9.1	(3 003)
	Correction of VAT Payable treated incorrectly on Roads agency fee on 30 June 2012 - Refer to note 9.1	(417 376)
	Correction of VAT Receivable on Creditor Invoice not paid on 30 June 2011 - Refer to note 9.2	2 587
		<u><u>(1 649 543)</u></u>
30.03 INVENTORY		
	Balance previously reported	1 138 542
	Correction of Fuel Costs not issued on 30 June 2011 - Refer to note 14	(124 042)
	Correction of Fuel Costs not issued on 30 June 2012 - Refer to note 14	(16 533)
		<u><u>997 967</u></u>
30.04 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Balance previously reported	1 671 140
	Correction of Rental of facilities incorrectly accrued - Refer to note 16	(21 397)
	Correction of PAYE not recovered from officials - Refer to note 16 and 30.01	193 966
	Correction of Transportation of furniture to be recovered - Refer to note 16	13 100
		<u><u>1 856 809</u></u>
30.05 EMPLOYEE RELATED COSTS		
	Balance previously reported	50 864 217
	Correction of SDL due to an additional levy - Refer to note 22	6 055
		<u><u>50 870 271</u></u>
30.06 PROPERTY, PLANT AND EQUIPMENT		
	Balance previously reported	35 831 289
	Correction of VAT on Assets - Invalid Capital Input Tax Claims on 30 June 2011 - Refer to note 30.02	3 003
	Correction of Assets - Transferred to Assets Held for Sale on 30 June 2011 - Refer to note 10	(276)
	Correction of Assets - First time recognition on 30 June 2011 - Refer to note 10	410 180
	Correction of Depreciation - Assets first time recognised on 30 June 2011 - Refer to note 10	(185 513)
	Correction of Assets - Change in usefull lives on 30 June 2011 - Refer to note 10	9 579
	Correction of Depreciation - Change in usefull lives of assets on 30 June 2011 - Refer to note 10	215 836
	Correction of Assets - Previously impaired but still in use on 30 June 2012 - Refer to note 10	142 175
	Correction of Assets - Change in usefull lives on 30 June 2012 - Refer to note 10	(5 357)
		<u><u>36 420 916</u></u>
30.07 GENERAL EXPENSES		
	Balance previously reported	21 479 962
	Correction of Fuel Costs not issued - Refer to note 29	16 533
	Correction of SALGA Membership fee - Refer to note 29	4 205
		<u><u>21 500 700</u></u>
30.08 ACCUMULATED DEFICIT		
	Balance previously reported	(21 039 317)
	Correction of Employee Related Costs on 30 June 2011 - Refer to note 30.01	(20 274)
	Correction of Repairs and Maintenance on 30 June 2011 - Refer to note 30.01	(18 480)
	Correction of Agency Services on 30 June 2011 - Refer to note 30.02	(1 345 512)
	Correction of Fuel Costs on 30 June 2011 - Refer to note 30.03	(124 042)
	Correction of Transportation Costs on 30 June 2011 - Refer to note 30.04	13 100
	Correction of Assets - First time recognised on 30 June 2011 - Refer to note 10	408 430
	Correction of Depreciation - Assets first time recognised on 30 June 2011 - Refer to note 10	(185 513)
	Correction of Assets - Change in usefull lives on 30 June 2011 - Refer to note 10	9 579
	Correction of Depreciation - Change in usefull lives of assets on 30 June 2011 - Refer to note 10	215 836
		<u><u>(22 086 193)</u></u>

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

31 STATEMENT OF FINANCIAL PERFORMANCE

Balance previously reported		(6 891 156)
Correction of Agency Services on 30 June 2012 - Refer to note 30.02		(417 376)
Correction of Rental of Facilities and Equipment on 30 June 2012 - Refer to note 30.04		(21 397)
Correction of Employee Related Costs on 30 June 2012 - Refer to note 30.05		(6 055)
Correction of Fuel Costs on 30 June 2012 - Refer to note 30.07		(16 533)
Correction of SALGA Membership fee on 30 June 2012 - Refer to note 30.07		(4 205)
Correction of Assets - Previously impaired but still in use on 30 June 2012 - Refer to note 30.06		142 175
Correction of Assets - Change in useful lives on 30 June 2012 - Refer to note 30.06		(5 357)
Total		(7 219 904)

	2013 R	2012 R
32 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	2 055 272	(7 219 904)
Adjustments for:		
Depreciation	2 337 746	2 605 950
Amortisation of Intangible Assets	62 367	61 499
Loss on disposal of property, plant and equipment	631 064	-
Gain on disposal of property, plant and equipment	(664 742)	-
Debt Impairment	-	652 743
Bad debts written off	(135 669)	(63 086)
Contribution to bonuses	93 963	(150 038)
Contribution to staff leave	217 098	(50 590)
Contribution from/to employee benefits	5 637 204	5 372 249
Unwinding of Interest on Provision for Tip Sites	566 494	636 464
Non-current Employee benefits - expenditure incurred	(2 658 170)	(2 659 682)
Actuarial Losses / (Gains)	(741 851)	3 451 166
Fair Value losses	15 310	71 899
Impairment written off	9 992	2 329 189
Grants Received	97 446 206	79 989 921
Grants Expenditure	(88 565 070)	(81 539 618)
Operating lease expenses accrued	-	(4 433)
Fair Value gains	(42 288)	-
Dividends in specie	-	(174 571)
Operating Surplus/(Deficit) before changes in working capital	16 264 926	3 309 158
Changes in working capital	(1 780 442)	(4 825 896)
Increase/(Decrease) in Trade and Other Payables	(633 154)	(4 359 331)
Increase/(Decrease) in Taxes	(1 784 208)	796 394
(Increase)/Decrease in Inventory	73 352	(261 174)
(Increase)/Decrease in Trade and other receivables	563 567	(1 001 785)
Cash generated/(absorbed) by operations	14 484 483	(1 516 738)

33 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 18	-	136 951
Cash Floats - Note 18	3 950	4 200
Bank - Note 18	12 483 278	-
Total cash and cash equivalents	12 487 228	(1 968 338)

34 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 33	12 487 228	(1 968 338)
Investments - Note 13	-	330 832
	12 487 228	(1 637 506)
Less:	10 951 310	3 761 248
Unspent Committed Conditional Grants - Note 8	10 951 310	2 111 705
VAT - Note 9	-	1 649 543
Resources available for working capital requirements	23 438 537	2 123 743

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
35	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 2	2 767 645	3 410 915
	Used to finance property, plant and equipment - at cost	<u>(2 767 645)</u>	<u>(3 410 915)</u>
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	<u>-</u>	<u>-</u>

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

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	7 505 288	15 119 463
Unauthorised expenditure current year - capital	139 820	22 109
Unauthorised expenditure current year - operating	-	5 512 624
Unauthorised expenditure current year - Conditional grants utilised for operating expenditure	-	1 970 554
Written off by council	<u>(7 505 288)</u>	<u>(15 119 463)</u>
Unauthorised expenditure awaiting authorisation	<u>139 820</u>	<u>7 505 288</u>

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (Unauthorised)
Unauthorised expenditure current year - operating				
Executive & Council	10 555 401	10 666 890	(111 489)	-
Budget & Treasury	-	-	-	-
Corporate Services	6 526 116	6 990 660	(464 544)	-
Financial Services	10 414 090	10 808 640	(394 550)	-
Planning & Development	1 147 520	1 222 640	(75 120)	-
Health	102 894	120 000	(17 106)	-
Community & Social Services	879 272	960 210	(80 938)	-
Housing	-	-	-	-
Public Safety	14 671 485	15 352 820	(681 335)	-
Sport & Recreation	10 189 064	10 589 320	(400 256)	-
Environmental Protection	9 822 413	10 141 940	(319 527)	-
Waste Management	1 897 177	1 982 040	(84 863)	-
Waste Water Management	-	-	-	-
Road Transport	41 364 134	45 308 610	(3 944 476)	-
	<u>107 569 567</u>	<u>114 143 770</u>	<u>(6 574 203)</u>	<u>-</u>
Unauthorised expenditure current year - capital				
Executive & Council	-	-	-	-
Budget & Treasury	-	-	-	-
Corporate Services	257 956	260 760	(2 804)	-
Financial Services	149 820	10 000	139 820	139 820
Planning & Development	-	-	-	-
Health	-	-	-	-
Community & Social Services	-	-	-	-
Housing	-	-	-	-
Public Safety	528 403	767 130	(238 727)	-
Sport & Recreation	452 279	574 800	(122 521)	-
Environmental Protection	174 298	181 100	(6 802)	-
Waste Management	-	-	-	-
Waste Water Management	-	-	-	-
Road Transport	-	-	-	-
	<u>1 562 756</u>	<u>1 793 790</u>	<u>(231 034)</u>	<u>139 820</u>

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

36.2 Fruitless and wasteful expenditure

	2013 R	2012 R
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1 921 156	1 921 156
Fruitless and wasteful expenditure current year	-	-
Written off by council	(1 728 056)	-
Transfer to receivables for recovery	(193 100)	-
	-	-
Fruitless and wasteful expenditure awaiting further action	-	1 921 156

Incident	Disciplinary steps/criminal proceedings	
<i>After the Election on 5 March 2006 a new Council was elected. The Council decided to end the contract of the Municipal Manager that was valid until November 2007. Cost paid to the Municipal Manager.</i>	<i>None - Council yet to decide.</i>	
<i>Labour dispute - Me W Meyer vs ODM.</i>		1 637 104
<i>Compensation to be paid to Me W Meyer.</i>	<i>Monies to be recovered from Mr G W Hermanus</i>	180 000
<i>Suspension of Mr G W Hermanus.</i>	<i>Monies to be recovered from Me M Gillion.</i>	17 872
<i>W Smuts - Settlement for prematurely ending his employment contract after a disciplinary process</i>	<i>None - Council yet to decide.</i>	73 080
<i>W Pekeur - Reimbursement for removal costs, due to the wrongdoing of an acting Municipal Manager.</i>	<i>None - Council yet to decide.</i>	13 100
		-
		1 921 156

36.3 Irregular expenditure

Reconciliation of irregular expenditure:		
Opening balance	14 302 138	10 409 046
Irregular expenditure current year	-	3 893 092
Condoned by council	(10 650 293)	-
To be recovered	(57 000)	-
Written off by council	(658 449)	-
	2 936 396	14 302 138
Irregular expenditure awaiting further action	14 302 138	14 302 138
Irregular expenditure awaiting condonement by National Treasury	14 302 138	14 302 138

Incident	Disciplinary steps/criminal proceedings	
<i>Invoice dated prior to order date</i>	<i>None</i>	2 389
<i>Valid tax clearance certificates not obtained for procurements exceeding R 30 000</i>	<i>None</i>	433 573
<i>Nashua - All supply chain management regulations not followed in the procurement of the contract.</i>	<i>None</i>	2 214 492
<i>Evaluation and adjudication criteria applied not consistent with original bid</i>	<i>None</i>	1 082 724
<i>Three quotations not obtained</i>	<i>None</i>	152 586
<i>Invoice amount and order amount differ</i>	<i>None</i>	7 328
		-
		3 893 092

36.4 Other Non-Compliance

- The municipality did not comply with section 65 (2) (e) of the MFMA. All reasonable steps to ensure, that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure, was not taken.
- The municipality did not adhere to the provisions of section 165(2)(b) of the MFMA that requires an adequately resourced internal audit unit that executes its plan in an effective and timely manner.
- The municipality entered into transactions with suppliers that were not listed on the municipality's list of prospective suppliers as required by regulation 17 of the Municipal Supply Chain Management Regulations, 2005.
- The municipality did not comply with regulation 13(c) of the Municipal Supply Chain Management Regulations, 2005. In some cases, goods and services with a transaction value exceeding R10 000 were procured through quotations without any evidence in the form of a declaration of interest (OMD4).
- The municipality did not comply with section 63 (2) (a) and (c) of the MFMA. The municipality did not take all reasonable steps to ensure that the municipality maintains a management, accounting system for the assets of the municipality.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
37.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Opening balance	4 205	-
Council subscriptions	429 730	320 056
Amount paid - current year	(433 935)	(315 851)
Balance unpaid (included in creditors)	-	4 205
37.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year audit fee	1 712 487	1 779 109
External Audit - Auditor-General	1 712 487	1 779 109
Amount paid - current year	(1 712 487)	(1 779 109)
Balance unpaid (included in creditors)	-	-
37.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	(65 092)	(368 907)
Amounts received - current year	648 151	1 031 595
Amounts claimed - current year	(720 834)	(727 780)
Closing balance - Receivable	(137 776)	(65 092)
Vat in suspense due to cash basis of accounting		
Input VAT	-	-
Output VAT	3 111	1 714 635
Receivable	(134 665)	1 649 543
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.		
37.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 676 650	7 214 735
Amount paid - current year	(6 676 650)	(7 214 735)
Balance unpaid (included in creditors)	-	-
37.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	13 530 421	12 820 429
Amount paid - current year	(13 530 421)	(12 820 429)
Balance unpaid (included in creditors)	-	-
37.7 Quotations awarded - Supply Chain Management		
Deviations from the Supply Chain Management Regulations were identified on the following categories:		
Deviations per type		
- 3 Quotes not obtained	1 799 424	670 347
- Invoice amount and order amount differ	-	-
- Other	-	-
- Splitting of orders	-	-
	1 799 424	670 347
Deviations per financial category		
- Between R 0 and R 2 000	1 563	-
- Between R 2 000 and R 10 000	305 169	155 679
- Between R 10 000 and R 30 000	364 862	90 465
- Between R 30 000 and R 200 000	490 480	214 208
- Above R 200 000	637 350	209 996
	1 799 424	670 347

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

38

FINANCIAL RISK MANAGEMENT

2013
R

2012
R

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

2013
R

2012
R

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

0.5% (2012 - 0.5%) Increase in interest rates	12 524	(58 485)
0.5% (2012 - 0.5%) Decrease in interest rates	(12 524)	58 485

(d) Credit Risk

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

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

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

The entity only deposits cash with major banks with high quality credit standing. The banks utilised by the municipality are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

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

Receivables are individually evaluated annually at Balance Sheet date for impairment.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	439 560	683 444
Receivables from non-exchange transactions	1 448 158	1 632 172
Cash and Cash Equivalents	12 487 228	141 151
Non-Current Investments	-	330 832
	14 374 946	2 829 131

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Long Term liabilities	1 090 460	1 868 148	325 309	-
Capital repayments	891 489	1 579 403	296 754	-
Interest	198 971	288 745	28 555	-
Provisions Landfill Sites	-	-	-	76 814 797
Capital repayments	-	-	-	7 210 784
Interest	-	-	-	69 604 013
Payables from exchange transactions	1 221 210	-	-	-
Unspent conditional government grants and receipts	10 951 310	-	-	-
Cash and Cash Equivalents	-	-	-	-
	13 262 980	1 868 148	325 309	76 814 797

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2012				
Long Term liabilities	1 726 886	1 900 304	542 181	-
Capital repayments	1 430 469	1 507 489	472 957	-
Interest	296 417	392 815	69 224	-
Provisions Landfill Sites	-	-	-	88 154 302
Capital repayments	-	-	-	6 644 290
Interest	-	-	-	81 510 012
Payables from exchange transactions	1 854 364	-	-	-
Unspent conditional government grants and receipts	2 111 705	-	-	-
Cash and Cash Equivalents	2 109 488	-	-	-
	7 802 443	1 900 304	542 181	88 154 302

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

39	FINANCIAL INSTRUMENTS	2013	2012
		R	R
	Financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
39.1	Financial Assets		
	<u>Classification</u>		
	Investments		
	Unlisted and listed Investments	-	330 832
	Receivables		
	Receivables from exchange transactions	88 218	287 846
	Receivables from non-exchange transactions	1 448 158	1 632 172
	Short-term Investment Deposits		
	Call Deposits	-	136 951
	Bank Balances and Cash		
	Bank Balances	12 483 278	-
	Cash Floats and Advances	3 950	4 200
		14 023 604	2 392 001
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	14 023 604	2 392 001
	At amortised cost	14 023 604	2 392 001
39.2	Financial Liability		
	<u>Classification</u>		
	Long-term Liabilities		
	Annuity Loans	1 235 231	1 958 300
	Capitalised Lease Liability	640 926	22 146
	Non-Current Provisions - Landfill Sites	7 210 784	6 644 290
	Payables from exchange transactions		
	Trade Creditors	608 883	1 320 662
	Sundry Deposits	41 270	53 746
	Other	103 036	66 325
	Other Payables		
	Government Subsidies and Grants	10 951 310	2 111 705
	Current Portion of Long-term Liabilities		
	Annuity Loans	723 069	660 080
	Capitalised Lease Liability	168 419	770 389
	Bank Balances and Cash		
	Bank Balances	-	2 109 488
		21 682 928	15 717 131
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	21 682 928	15 717 131
40	EVENTS AFTER THE REPORTING DATE		
	The municipality has no events after reporting date during the financial year ended 2012/2013.		
41	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
42	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		

**OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

		2013	2012
		R	R
43	CONTINGENT LIABILITY		
	Pending claim relating to a labour dispute with an employee		
	The possible claim that was disclosed in the previous financial year was still not resolved. During the current financial year a new labour litigation was made against the municipality and a senior official was suspended which may also result in a claim against the municipality in the next financial year. No indication of a possible outcome could be obtained and also no possible amount for the claims could be obtained.		
	The litigation from a landowner for a fire on his property is still pending.		
	The remuneration increase for Councillors was rejected by the provincial MEC for local government. The Councillors are still negotiating with the MEC to get their increase approved. If the consent of the MEC could be obtained backpay for the 2012/13 financial year will be paid.		
		<u>425 750</u>	
44	RELATED PARTIES		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
44.1	Related Party Loans		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted.		
44.2	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.		
44.3	Other related party transactions		
	The following purchases were made during the year where Councillors or staff have an interest:		
	<i>None</i>		
45	GOING CONCERN ASSUMPTION		
	The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this municipality has been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.		
	The financial results however may indicate that the going concern assumption of this municipality may be in serious doubt. The amounts promulgated in the DORA have a serious impact on the level of services that this municipality can render and it may well raise doubt about the future financial sustainability of this municipality and may cause serious health and other risks regarding service delivery to the communities within the jurisdiction of this municipality.		

**APPENDIX A - Unaudited
OVERBERG DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2012	Correction	Balance at 30 JUNE 2012 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS									
INCA	9.30%		31/12/2014	1 471 986	-	1 471 986		549 020	922 966
INCA	9.45%		31/12/2019	1 146 395	-	1 146 395		111 061	1 035 334
Total Annuity Loans				2 618 380	-	2 618 380	-	660 080	1 958 300
LEASE LIABILITY									
Vehicles and Equipment				792 534	-	792 534	821 872	805 062	809 345
Total Lease Liabilities				792 534	-	792 534	821 872	805 062	809 345
TOTAL EXTERNAL LOANS				3 410 915	-	3 410 915	821 872	1 465 142	2 767 645

APPENDIX B - Unaudited
OVERBERG DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
MUNICIPAL VOTES CLASSIFICATION

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
994 549	(5 486 062)	(4 491 513)	Council Expenditure	4 539 889	(5 925 375)	(1 385 486)
267 729	(2 551 222)	(2 283 493)	Executive Services	-	(1 189 338)	(1 189 338)
-	(12 250)	(12 250)	Donations	-	-	-
-	-	-	Management Support	-	(863 767)	(863 767)
-	(1 509 425)	(1 509 425)	Record Management	-	(833 611)	(833 611)
1 669 834	(3 501 910)	(1 832 076)	Administration	-	(3 361 629)	(3 361 629)
-	(437 159)	(437 159)	Audit	-	(501 923)	(501 923)
-	(1 227 537)	(1 227 537)	Human Resources	-	(1 425 262)	(1 425 262)
-	(1 608 580)	(1 608 580)	Supply Chain Management	-	(1 792 648)	(1 792 648)
-	(3 033 641)	(3 033 641)	Finance Inc Exp & It	-	(3 272 982)	(3 272 982)
-	-	-	Performance Management	-	(439 717)	(439 717)
13 947	(562 372)	(548 425)	Buildings	15 142	(435 741)	(420 599)
2 229 072	(5 524 754)	(3 295 681)	Financial Services	4 441 607	(4 500 241)	(58 634)
-	(2 112 767)	(2 112 767)	Planning Services	-	(1 106 649)	(1 106 649)
43 586 972	(1 894 972)	41 692 000	Grants Ex Nat Government	46 023 929	(2 097 929)	43 926 000
150 000	(150 000)	-	Grants Ex Prov Government	7 226	(7 226)	-
2 242 268	(2 237 345)	4 923	Fin Man Grant	1 007 578	(848 218)	159 360
52 102	(14 465 855)	(14 413 753)	Fire Brigade	122 857	(14 337 590)	(14 214 733)
-	(249 935)	(249 935)	Disaster Management	-	(333 894)	(333 894)
30 757	(8 985 458)	(8 954 701)	Municipal Health	67 874	(9 822 327)	(9 754 453)
6 113	(566 577)	(560 464)	Human Development	-	-	-
8 881	(431)	8 451	Velapi Hostel	11 259	(86)	11 172
-	(245 666)	(245 666)	ABI Fire Fighting	-	-	-
-	(146 269)	(146 269)	Environmental Management	-	(879 272)	(879 272)
-	(169 392)	(169 392)	Engineering Services	-	(40 871)	(40 871)
1 790 156	(2 466 512)	(676 357)	Karwyderskraal	15 784	(1 897 177)	(1 881 393)
-	(1 222 750)	(1 222 750)	Buffeljachtsbaai	-	(1 235)	(1 235)
2 394 102	(3 262 964)	(868 862)	Dennehof	1 569 226	(2 559 623)	(990 397)
1 756 694	(1 551 325)	205 370	Die Dam	2 125 204	(1 402 905)	722 298
6 844 033	(6 111 441)	732 592	Uilenkraalsmond	8 170 610	(6 225 302)	1 945 308
37 455	-	37 455	Outspans & Public Places	39 627	-	39 627
103 467	(103 467)	-	Comprehensive Health	102 894	(102 894)	-
39 094 442	(39 094 442)	-	Roads - Main & Divisional	41 364 134	(41 364 134)	-
103 272 575	(110 492 479)	(7 219 904)	Sub Total	109 624 839	(107 569 567)	2 055 272
-	-	-		-	-	-
103 272 575	(110 492 479)	(7 219 904)	Total	109 624 839	(107 569 567)	2 055 272

APPENDIX C - Unaudited
OVERBERG DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
44 999 250	(12 041 090)	32 958 160	Executive & Council	50 571 043	(10 555 401)	40 015 642
1 683 781	(5 291 819)	(3 608 038)	Corporate Services	15 142	(6 526 116)	(6 510 974)
4 471 340	(12 404 318)	(7 932 978)	Financial Services	5 449 186	(10 414 090)	(4 964 904)
-	(2 282 159)	(2 282 159)	Planning & Development	-	(1 147 520)	(1 147 520)
103 467	(103 467)	-	Health	102 894	(102 894)	-
6 113	(712 846)	(706 733)	Community & Social Services	-	(879 272)	(879 272)
52 102	(14 961 456)	(14 909 354)	Public Safety	122 857	(14 671 485)	(14 548 628)
11 032 284	(12 148 479)	(1 116 195)	Sport & Recreation	11 904 666	(10 189 064)	1 715 602
39 638	(8 985 889)	(8 946 251)	Environmental Protection	79 133	(9 822 413)	(9 743 280)
1 790 156	(2 466 512)	(676 357)	Waste Management	15 784	(1 897 177)	(1 881 393)
39 094 442	(39 094 442)	-	Road Transport	41 364 134	(41 364 134)	-
103 272 575	(110 492 479)	(7 219 904)	Total	109 624 839	(107 569 567)	2 055 272

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

Grant Description	Balance 30 JUNE 2012	Correction of error	Balance 1 JULY 2012	Grants Received	Interest Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Deductions from National Treasury	Balance 30 JUNE 2013
	R	R	R	R	R	R	R	R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS									
National Government Grants									
Equitable Share	-	-	-	43 926 000		43 926 000			-
Local Government Financial Management Grant	(32 422)	-	(32 422)	1 250 000		867 789	139 790	210 000	-
Municipal Systems Improvement Grant	(9 110)	-	(9 110)	1 000 000		963 890		27 000	-
Total National Government Grants	(41 532)	-	(41 532)	46 176 000	-	45 757 678	139 790	237 000	-
Provincial Government Grants									
Napier Tourism Office	1 438	-	1 438		47				1 486
Local Economic Development	20 976	-	20 976		689				21 665
Non - motorised Transport	7 122	-	7 122		234				7 356
Coastal Management Programme	876 181	-	876 181		28 881	7 226			897 836
SETA Training Fund	622 159	-	622 159	222 641		110 339			734 461
Tourism Routes	60 573	-	60 573		1 989				62 562
Human Rights Programme	99 786	-	99 786		3 277				103 062
Kogelberg Biosphere	25 585	-	25 585		840				26 425
Breede River Spatial Development Framework	14 074	-	14 074		462				14 536
Tourism Workshops	20 095	-	20 095		660				20 755
Tourism Projects	113 537	-	113 537		3 728				117 265
Housing Training	220 775	-	220 775		7 250				228 025
CDW Funds	5 124	-	5 124		168				5 292
Alcohol Abuse	579	-	579						579
Karwyderskraal	-	-	-	250 000					250 000
EPWP Grant	23 700	-	23 700	1 000 000		1 023 700			-
Health and Road Subsidy	-	-	-	49 449 341		41 289 337			8 160 004
Risk Management	-	-	-	300 000					300 000
Total Provincial Government Grants	2 111 705	-	2 111 705	51 221 982	48 224	42 430 602	-	-	10 951 310
Total	2 070 173	-	2 070 173	97 397 982	48 224	88 188 280	139 790	237 000	10 951 310