

OVERBERG DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2018

OVERBERG DISTRICT MUNICIPALITY

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OVERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

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

LEGAL FORM

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

JURISDICTION

The Overberg District Municipality includes the following areas:

Cape Agulhas
Overstrand
Swellendam
Theewaterskloof

MEMBERS OF THE COUNCIL

| Councillor | Ward/Area |
|---------------|-----------------|
| E Sauls | Cape Agulhas |
| EC Marthinus | Cape Agulhas |
| MD Opperman | Overstrand |
| C Resandt | Overstrand |
| L Ntsabo | Overstrand |
| NM Sapepa | Overstrand |
| MJ Koch | Swellendam |
| C Wood | Theewaterskloof |
| I Sileku | Theewaterskloof |
| R Brinkhuys | Theewaterskloof |
| CM Lamprecht | Theewaterskloof |
| UT Sipunzi | Theewaterskloof |
| AE Franken | Proportional |
| AG Klaas | Proportional |
| LM de Bruyn | Proportional |
| HD Coetzee | Proportional |
| SH Fourie | Proportional |
| KJ Tiemie | Proportional |
| MH Witbooi | Proportional |
| VE Mentile | Proportional |
| JC Gelderblom | Proportional |

OVERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

MUNICIPAL MANAGER

Mr D P Beretti

CHIEF FINANCIAL OFFICER (YEAR UNDER REVIEW)

Dr JCP Tesselaar

ACTING CHIEF FINANCIAL OFFICER (SINCE 1 JULY 2018)

Mr CF Hoffmann

REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

POSTAL ADDRESS

Private Bag X22, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRIMARY BANKER

ABSA

RELEVANT LEGISLATION

Municipal Finance Management Act, 2003. (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act,1998. (Act no 117 of 1998)

Municipal Systems Act, 2000. (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act,1997. (Act no 108 of 1997)

Housing Act,1997. (Act no 107 of 1997)

Municipal Property Rates Act, 2004. (Act no 6 of 2004)

Electricity Act,1987. (Act no 41 of 1987)

Skills Development Levies Act,1999. (Act no 9 of 1999)

Employment Equity Act,1998. (Act no 55 of 1998)

Unemployment Insurance Act,1966. (Act no 30 of 1966)

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

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALGBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

OVERBERG DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 1 to 120 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and I am satisfied that the Municipality remains a going concern for the foreseeable future.

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

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



Mr D P Beretti
Municipal Manager

30.11.2018.

Date

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

| | Notes | 2018 R (Actual) | 2017 R (Restated) |
|--|-------|-----------------------|-------------------------|
| ASSETS | | | |
| Current Assets | | 41 561 658 | 38 390 811 |
| Cash and Cash Equivalents | 2 | 36 715 385 | 32 276 125 |
| Receivables from exchange transactions | 3 | 2 800 314 | 2 112 461 |
| Receivables from non-exchange transactions | 4 | 316 234 | 386 117 |
| Operating Lease Asset | 5 | - | - |
| Taxes | 6 | 704 190 | 2 627 162 |
| Inventory | 7 | 1 025 535 | 988 946 |
| Non-Current Assets | | 82 665 221 | 82 650 117 |
| Investment Property | 8 | 1 198 950 | 1 252 950 |
| Property, Plant and Equipment | 9 | 45 756 445 | 43 696 343 |
| Intangible Assets | 10 | 388 472 | 450 420 |
| Capitalised Restoration Cost (PPE) | 11 | 6 888 783 | 8 817 832 |
| Employee Benefits | 12 | 28 432 572 | 28 432 572 |
| Total Assets | | 124 226 880 | 121 040 928 |
| Current Liabilities | | 31 069 046 | 23 089 727 |
| Current Portion of Long-term Liabilities | 13 | 2 556 280 | 1 205 774 |
| Consumer Deposits | 14 | 11 820 | 11 820 |
| Payables from exchange transactions | 15 | 4 820 362 | 3 074 550 |
| Unspent Conditional Government Grants | 16 | 12 904 812 | 8 970 198 |
| Operating Lease Liability | 5 | - | - |
| Current Employee benefits | 17 | 10 775 772 | 9 827 385 |
| Non-Current Liabilities | | 79 237 562 | 82 560 643 |
| Long-term Liabilities | 13 | 257 989 | 2 814 663 |
| Employee benefits | 18 | 57 648 956 | 58 981 919 |
| Non-Current Provisions | 19 | 21 330 616 | 20 764 061 |
| Total Liabilities | | 110 306 607 | 105 650 370 |
| NET ASSETS | | 13 920 272 | 15 390 558 |
| COMMUNITY WEALTH | | | |
| Accumulated Surplus | 20 | 13 920 272 | 15 390 558 |
| | | 13 920 272 | 15 390 558 |

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

| | Notes | 2018 R (Actual) | 2017 R (Restated) |
|---|-------|-----------------------|-------------------------|
| REVENUE | | | |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | 70 128 950 | 63 262 381 |
| Transfer Revenue | | 64 290 241 | 60 694 230 |
| Government Grants and Subsidies - Capital | 21 | 890 000 | 2 303 073 |
| Government Grants and Subsidies - Operating | 21 | 63 400 089 | 58 277 205 |
| Public Contributions and Donations | 22 | 152 | 3 200 |
| Contributed Assets | | - | 110 752 |
| Other Revenue | | 5 838 709 | 2 568 151 |
| Actuarial Gains | 23 | 5 429 388 | 1 974 597 |
| Insurance Receipts | | 409 321 | 579 320 |
| Reversal of Impairments | 24 | - | 14 234 |
| REVENUE FROM EXCHANGE TRANSACTIONS | | 116 830 990 | 96 151 892 |
| Operating Activities | | 116 830 990 | 96 151 892 |
| Government Grants and Subsidies - Operating | 21 | 83 136 878 | 69 283 538 |
| Service Charges | 25 | 74 753 | 801 442 |
| Rental of Facilities and Equipment | 26 | 15 737 164 | 13 256 736 |
| Interest Earned - external investments | | 2 936 533 | 2 311 483 |
| Licences and Permits | | 325 881 | 171 491 |
| Agency Services | 27 | 9 388 283 | 8 114 737 |
| Other Income | 28 | 3 748 804 | 2 212 466 |
| Gain on disposal of Investment Property | | 1 482 693 | - |
| TOTAL REVENUE | | 186 959 940 | 159 414 273 |
| EXPENDITURE | | | |
| Employee related costs | 29 | 91 112 721 | 83 192 512 |
| Remuneration of Councillors | 30 | 6 141 571 | 5 149 566 |
| Debt Impairment | 31 | 14 720 | 109 793 |
| Depreciation and Amortisation | 32 | 3 669 461 | 3 254 079 |
| Impairment | 33 | 25 099 | - |
| Actuarial losses | 34 | 74 960 | - |
| Finance Charges | 35 | 7 999 175 | 7 778 036 |
| Contracted services | 36 | 14 516 619 | 12 793 051 |
| Transfers and Grants | 37 | 120 000 | 120 000 |
| Other Expenditure | 38 | 64 738 415 | 49 412 570 |
| Stock Adjustments | | 482 | 2 144 |
| Loss on disposal of Property, Plant and Equipment | | 17 002 | 159 722 |
| TOTAL EXPENDITURE | | 188 430 226 | 161 971 474 |
| NET DEFICIT FOR THE YEAR | | (1 470 285) | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

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

| | ACCUMULATED SURPLUS R | TOTAL R |
|--|-----------------------------|-------------------|
| Balance on 30 June 2016 - Previously Reported | 17 734 549 | 17 734 549 |
| Prior Period Adjustment - Refer to note 40.03 | 213 210 | 213 210 |
| Balance on 30 June 2016 - Restated | 17 947 759 | 17 947 759 |
| Net Deficit for the Year | (2 557 201) | (2 557 201) |
| Balance on 30 June 2017 - Restated | 15 390 558 | 15 390 558 |
| Net Deficit for the Year | (1 470 285) | (1 470 285) |
| Balance on 30 June 2018 | 13 920 272 | 13 920 272 |

OVERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

| | Notes | 2018 R (Actual) | 2017 R (Actual) |
|--|-----------|-----------------------|-----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Service charges | | 72 846 | 802 323 |
| Other revenue | | 28 978 823 | 28 149 508 |
| Government - operating | | 150 471 581 | 124 710 073 |
| Government - capital | | 890 000 | 2 303 073 |
| Interest | | 2 936 533 | 2 311 483 |
| Payments | | | |
| Suppliers and employees | | (173 383 435) | (141 995 375) |
| Finance charges | | (405 710) | (495 445) |
| Transfers and Grants | | (120 000) | (120 000) |
| NET CASH FROM OPERATING ACTIVITIES | 41 | 9 440 638 | 15 665 639 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Receipts | | | |
| Proceeds on Disposal of Investment Property | | 1 536 693 | - |
| Payments | | | |
| Purchase of Property, Plant and Equipment | | (5 318 103) | (4 422 254) |
| Purchase of Intangible Assets | | (13 800) | (174 199) |
| NET CASH USED INVESTING ACTIVITIES | | (3 795 210) | (4 596 453) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payments | | | |
| Loans repaid | | (1 206 167) | (1 169 425) |
| NET CASH USED FINANCING ACTIVITIES | | (1 206 167) | (1 169 425) |
| NET INCREASE IN CASH HELD | | 4 439 261 | 9 899 761 |
| Cash and Cash Equivalents at the beginning of the year | | 32 276 125 | 22 376 364 |
| Cash and Cash Equivalents at the end of the year | | 36 715 385 | 32 276 125 |

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2018 R (Actual) | 2018 R (Final Budget) | 2018 R (Variance) |
|--------------------------------------|-----------------------|-----------------------------|-------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 36 715 385 | 23 573 586 | 13 141 800 |
| Consumer debtors | 2 031 938 | 1 111 194 | 920 743 |
| Other Receivables | 1 788 801 | 4 014 546 | (2 225 745) |
| Inventory | 1 025 535 | 988 946 | 36 589 |
| Total current assets | 41 561 658 | 29 688 272 | 11 873 387 |
| Non current assets | | | |
| Employee Benefits | 28 432 572 | 28 432 572 | - |
| Investment property | 1 198 950 | - | 1 198 950 |
| Property, plant and equipment | 45 756 445 | 45 112 864 | 643 580 |
| Intangible Assets | 388 472 | 402 333 | (13 861) |
| Capitalised Restoration Cost | 6 888 783 | 8 817 832 | (1 929 049) |
| Total non current assets | 82 665 221 | 82 765 601 | (100 380) |
| TOTAL ASSETS | 124 226 880 | 112 453 873 | 11 773 007 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Borrowing | 2 556 280 | 1 205 774 | 1 350 506 |
| Consumer deposits | 11 820 | 11 820 | - |
| Trade and other payables | 17 725 174 | 10 296 005 | 7 429 168 |
| Provisions and Employee Benefits | 10 775 772 | 10 417 028 | 358 744 |
| Total current liabilities | 31 069 046 | 21 930 628 | 9 138 418 |
| Non current liabilities | | | |
| Borrowing | 257 989 | 1 938 460 | (1 680 470) |
| Provisions and Employee Benefits | 78 979 572 | 84 757 841 | (5 778 269) |
| Total non current liabilities | 79 237 562 | 86 696 301 | (7 458 739) |
| TOTAL LIABILITIES | 110 306 607 | 108 626 928 | 1 679 679 |
| NET ASSETS | 13 920 272 | 3 826 945 | 10 093 327 |
| COMMUNITY WEALTH | | | |
| Accumulated Surplus and Reserves | 13 920 272 | 3 826 945 | 10 093 327 |
| TOTAL COMMUNITY WEALTH/EQUITY | 13 920 272 | 3 826 945 | 10 093 327 |

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

| | 2018 R (Approved Budget) | 2018 R (Adjustments) | 2018 R (Final Budget) |
|--------------------------------------|--------------------------------|----------------------------|-----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 18 011 586 | 5 562 000 | 23 573 586 |
| Consumer debtors | 1 440 340 | (329 146) | 1 111 194 |
| Other Receivables | 842 271 | 3 172 275 | 4 014 546 |
| Inventory | 749 823 | 239 123 | 988 946 |
| Total current assets | 21 044 021 | 8 644 251 | 29 688 272 |
| Non current assets | | | |
| Long-term receivables | 28 432 572 | - | 28 432 572 |
| Investment property | - | - | - |
| Property, plant and equipment | 45 184 833 | (71 969) | 45 112 864 |
| Intangible Assets | 167 484 | 234 849 | 402 333 |
| Capitalised Restoration Cost | 9 522 519 | (704 687) | 8 817 832 |
| Total non current assets | 83 307 408 | (541 807) | 82 765 601 |
| TOTAL ASSETS | 104 351 428 | 8 102 445 | 112 453 873 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Borrowing | 680 343 | 525 431 | 1 205 774 |
| Consumer deposits | 11 820 | - | 11 820 |
| Trade and other payables | 2 636 846 | 7 659 160 | 10 296 005 |
| Provisions and Employee Benefits | 9 994 391 | 422 637 | 10 417 028 |
| Total current liabilities | 13 323 400 | 8 607 228 | 21 930 628 |
| Non current liabilities | | | |
| Borrowing | 4 017 183 | (2 078 723) | 1 938 460 |
| Provisions and Employee Benefits | 89 474 548 | (4 716 707) | 84 757 841 |
| Total non current liabilities | 93 491 731 | (6 795 430) | 86 696 301 |
| TOTAL LIABILITIES | 106 815 131 | 1 811 798 | 108 626 928 |
| NET ASSETS | (2 463 702) | 6 290 647 | 3 826 945 |
| COMMUNITY WEALTH | | | |
| Accumulated Surplus and Reserves | (2 463 702) | 6 290 647 | 3 826 945 |
| TOTAL COMMUNITY WEALTH/EQUITY | (2 463 702) | 6 290 647 | 3 826 945 |

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2018 R (Actual) | 2018 R (Final Budget) | 2018 R (Variance) |
|---|-----------------------|-----------------------------|-------------------------|
| REVENUE BY SOURCE | | | |
| Service charges | 74 753 | 550 000 | (475 247) |
| Rental of facilities and equipment | 15 737 164 | 12 183 593 | 3 553 571 |
| Interest earned - external investments | 2 936 533 | 1 400 000 | 1 536 533 |
| Interest earned - outstanding debtors | - | 100 | (100) |
| Licences and permits | 325 881 | 127 680 | 198 201 |
| Agency services | 9 388 283 | 8 400 658 | 987 625 |
| Government Grants and Subsidies - | | | |
| Operating | 146 536 967 | 144 353 919 | 2 183 048 |
| Other revenue | 9 587 665 | 8 562 071 | 1 025 594 |
| Gains on disposal of Assets | 1 482 693 | 2 615 280 | (1 132 587) |
| TOTAL OPERATING REVENUE | 186 069 940 | 178 193 301 | 7 876 639 |
| EXPENDITURE BY TYPE | | | |
| Employee related costs | 91 112 721 | 96 398 714 | (5 285 993) |
| Remuneration of councillors | 6 141 571 | 5 762 158 | 379 413 |
| Debt impairment | 14 720 | - | 14 720 |
| Depreciation & asset impairment | 3 669 461 | 3 102 098 | 567 363 |
| Finance charges | 7 999 175 | 5 349 944 | 2 649 231 |
| Contracted services | 14 516 619 | 18 119 589 | (3 602 970) |
| Transfers and Grants | 120 000 | 10 | 119 990 |
| Other Expenditure and Materials | 64 838 956 | 61 771 193 | 3 067 763 |
| TOTAL OPERATING EXPENDITURE | 188 430 226 | 190 503 706 | (2 073 480) |
| OPERATING DEFICIT FOR THE YEAR | (2 360 285) | (12 310 405) | 9 950 120 |
| Government Grants and Subsidies - Capital | 890 000 | 960 000 | (70 000) |
| NET DEFICIT FOR THE YEAR | (1 470 285) | (11 350 405) | 9 880 120 |

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

| | 2018 R (Approved Budget) | 2018 R (Adjustments) | 2018 R (Final Budget) |
|---|--------------------------------|----------------------------|-----------------------------|
| REVENUE BY SOURCE | | | |
| Service charges | 550 000 | - | 550 000 |
| Rental of facilities and equipment | 10 744 494 | 1 439 099 | 12 183 593 |
| Interest earned - external investments | 1 400 000 | - | 1 400 000 |
| Interest earned - outstanding debtors | 100 | - | 100 |
| Licences and permits | 127 680 | - | 127 680 |
| Agency services | 8 400 658 | - | 8 400 658 |
| Government Grants and Subsidies - | | | |
| Operating | 142 798 790 | 1 555 129 | 144 353 919 |
| Other revenue | 8 562 070 | 1 | 8 562 071 |
| Gains on disposal of PPE | - | 2 615 280 | 2 615 280 |
| TOTAL OPERATING REVENUE | 172 583 792 | 5 609 509 | 178 193 301 |
| EXPENDITURE BY TYPE | | | |
| Employee related costs | 97 323 673 | (924 959) | 96 398 714 |
| Remuneration of councillors | 5 460 519 | 301 639 | 5 762 158 |
| Depreciation & asset impairment | 3 101 295 | 803 | 3 102 098 |
| Finance charges | 5 334 944 | 15 000 | 5 349 944 |
| Contracted services | 12 018 740 | 6 100 849 | 18 119 589 |
| Transfers and Grants | - | 10 | 10 |
| Other Expenditure and Materials | 56 972 712 | 4 798 481 | 61 771 193 |
| TOTAL OPERATING EXPENDITURE | 180 211 883 | 10 291 823 | 190 503 706 |
| OPERATING DEFICIT FOR THE YEAR | (7 628 091) | (4 682 314) | (12 310 405) |
| Government Grants and Subsidies - Capital | 800 000 | 160 000 | 960 000 |
| NET DEFICIT FOR THE YEAR | (6 828 091) | (4 522 314) | (11 350 405) |

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2018 R (Actual) | 2018 R (Final Budget) | 2018 R (Variance) |
|--|-----------------------|-----------------------------|-------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Service charges | 72 846 | 550 000 | (477 154) |
| Other revenue | 28 978 823 | 29 274 002 | (295 179) |
| Government - operating | 150 471 581 | 143 644 916 | 6 826 665 |
| Government - capital | 890 000 | 960 000 | (70 000) |
| Interest | 2 936 533 | 1 400 100 | 1 536 433 |
| Payments | | | |
| Suppliers and Employees | (173 383 435) | (181 462 821) | 8 079 386 |
| Finance charges | (405 710) | (338 083) | (67 627) |
| Transfers and Grants | (120 000) | - | (120 000) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 9 440 638 | (5 971 886) | 15 412 524 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Receipts | | | |
| Proceeds on disposal of Assets | 1 536 693 | 2 615 280 | (1 078 587) |
| Payments | | | |
| Capital assets | (5 331 903) | (4 469 730) | (862 173) |
| NET CASH USED IN INVESTING ACTIVITIES | (3 795 210) | (1 854 450) | (1 940 760) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments | | | |
| Repayment of borrowing | (1 206 167) | (876 203) | (329 964) |
| NET CASH USED IN FINANCING ACTIVITIES | (1 206 167) | (876 203) | (329 964) |
| NET INCREASE/(DECREASE) IN CASH HELD | 4 439 261 | (8 702 539) | 13 141 800 |
| Cash and Cash Equivalents at the beginning of the year | 32 276 125 | 32 276 125 | - |
| Cash and Cash Equivalents at the end of the year | 36 715 385 | 23 573 586 | 13 141 800 |

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

| | 2018 R (Approved Budget) | 2018 R (Adjustments) | 2018 R (Final Budget) |
|--|--------------------------------|----------------------------|-----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Service charges | 550 000 | - | 550 000 |
| Other revenue | 27 834 902 | 1 439 100 | 29 274 002 |
| Government - Operating | 142 798 790 | 846 126 | 143 644 916 |
| Government - Capital | 800 000 | 160 000 | 960 000 |
| Interest | 1 400 100 | - | 1 400 100 |
| Payments | | | |
| Suppliers and Employees | (169 950 315) | (11 512 506) | (181 462 821) |
| Finance charges | (323 083) | (15 000) | (338 083) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 3 110 394 | (9 082 280) | (5 971 886) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Receipts | | | |
| Proceeds on disposal of PPE | - | 2 615 280 | 2 615 280 |
| Payments | | | |
| Capital assets | (1 220 800) | (3 248 930) | (4 469 730) |
| NET CASH USED IN INVESTING ACTIVITIES | (1 220 800) | (633 650) | (1 854 450) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments | | | |
| Repayment of borrowing | (907 368) | 31 165 | (876 203) |
| NET CASH USED IN FINANCING ACTIVITIES | (907 368) | 31 165 | (876 203) |
| NET INCREASE/(DECREASE) IN CASH HELD | 982 227 | (9 684 766) | (8 702 539) |
| Cash and Cash Equivalents at the beginning of the year | 17 029 360 | 15 246 765 | 32 276 125 |
| Cash and Cash Equivalents at the end of the year | 18 011 586 | 5 562 000 | 23 573 586 |

OVERBERG DISTRICT MUNICIPALITY

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

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

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

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

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

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

1.02 TRANSITIONAL PROVISIONS

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

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

1.03 PRESENTATION CURRENCY

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

1.04 GOING CONCERN ASSUMPTION

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

OVERBERG DISTRICT MUNICIPALITY

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

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

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

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

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

1.05.2 Amended Accounting Policies

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

1.06 MATERIALITY

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

1.07 BUDGET INFORMATION

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

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

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

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

1.08.1 Effective dates determined

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

OVERBERG DISTRICT MUNICIPALITY

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

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

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

| Standard | Description | Effective Date |
|----------|---------------------------|----------------|
| GRAP 20 | Related Party Disclosures | 1 April 2019 |
| GRAP 108 | Statutory Receivables | 1 April 2018 |

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

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

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

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

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

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

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

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

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

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

The objective of this Standard is to prescribe the:

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

No significant impact is expected as the Municipality does not have any living resources. Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

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

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

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

1.08.1.6 Liabilities to Pay Levies (effective 1 April 2019)

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

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

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

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

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

1.08.2 Effective dates not yet determined

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

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

1.08.2.1 GRAP 34 - Separate Financial Statements (Original - March 2017)

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

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

1.08.2.2 GRAP 35 - Consolidated Financial Statements (Original - March 2017)

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

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

OVERBERG DISTRICT MUNICIPALITY

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

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

1.08.2.3 GRAP 36 - Investments in Associates and Joint Ventures (Original - March 2017)

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

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

1.08.2.4 GRAP 37 - Joint Arrangements (Original - March 2017)

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

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

1.08.2.5 GRAP 38 - Disclosure of Interests in Other Entities (Original - March 2017)

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

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

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

1.09 RESERVES

1.09.1 Accumulated Surplus

The accumulated surplus/deficit represents the net difference between the total assets and the total liabilities of the Municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

OVERBERG DISTRICT MUNICIPALITY

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

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

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

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

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

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

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

1.10.2 Subsequent Measurement – Cost Model

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

OVERBERG DISTRICT MUNICIPALITY

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

1.10 INVESTMENT PROPERTY (CONTINUED)

1.10.3 Depreciation – Cost Model

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

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

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

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

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

| | YEARS |
|-----------|------------|
| Buildings | 30 |
| Land | Indefinite |

1.10.4 Impairment

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

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

1.10.5 Derecognition

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

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

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

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

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

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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

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

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

1.11.2 Subsequent Measurement - Cost Model

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.3 Depreciation

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

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

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

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

| | YEARS |
|-----------------------------|------------|
| Land | Indefinite |
| Buildings | 15 - 120 |
| Infrastructure | 10 - 120 |
| Community | 30 - 100 |
| Leased Assets | 3 |
| Other Assets | 1 - 100 |
| Capitalised Resoration Cost | 27 - 40 |

1.11.4 Impairment

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

OVERBERG DISTRICT MUNICIPALITY

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

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

1.11.5 Derecognition

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

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

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

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.12 INTANGIBLE ASSETS (CONTINUED)

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

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

1.12.2 Subsequent Measurement - Cost Model

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

1.12.3 Amortisation

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

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

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

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

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

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

| | Years |
|----------------------------|-------|
| Computer Software | 10 |
| Computer Software Licences | 10 |

OVERBERG DISTRICT MUNICIPALITY

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

1.12 INTANGIBLE ASSETS (CONTINUED)

1.12.4 Impairment

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

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

1.12.5 Derecognition

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

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

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

1.13.1 Recoverable amount of Cash-generating assets

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.2 Recoverable amount of Non-cash-generating assets

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

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

1.13.3 Impairment loss

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

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

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

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

1.13.4 Reversal of an impairment loss

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;

- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

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

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

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

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

1.14.2 Subsequent Measurement

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.14 INVENTORIES (CONTINUED)

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

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

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

1.15 EMPLOYEE BENEFITS

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

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

1.15.1 Post-Retirement Benefits

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

1.15.1.1 *Multi-employer defined benefit plans*

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

1.15.1.2 *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% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

OVERBERG DISTRICT MUNICIPALITY

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

1.15 EMPLOYEE BENEFITS (CONTINUED)

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

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

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

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

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

1.15.3 Short-term Benefits

1.15.3.1 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 reporting date and also on the total remuneration package of the employee.

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

1.15.3.2 Staff Bonuses Accrued

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

OVERBERG DISTRICT MUNICIPALITY

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

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.3.3 Provision for Performance Bonuses

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

1.16 PROVISIONS

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

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

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

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

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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

OVERBERG DISTRICT MUNICIPALITY

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

1.16 PROVISIONS (CONTINUED)

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

1.17 LEASES

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

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

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

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

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

1.17.1.2 Operating leases

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

1.17.2 Municipality as Lessor

1.17.2.1 Operating Leases

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

OVERBERG DISTRICT MUNICIPALITY

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

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

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

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

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.3 Impairment and uncollectability of financial assets

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

1.18.3.1 *Financial assets measured at amortised cost*

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

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

1.18.3.2 *Financial assets measured at cost*

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

1.18.4 Derecognition of financial instruments

1.18.4.1 *Financial assets*

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.4.2 *Financial liabilities*

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

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

1.18.5 **Offsetting of financial instruments**

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

1.19 STATUTORY RECEIVABLES

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

1.19.1 **Initial Recognition**

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

1.19.2 **Subsequent Measurement**

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

1.19.3 **Impairment and uncollectability of statutory receivables**

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

OVERBERG DISTRICT MUNICIPALITY

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

1.19 STATUTORY RECEIVABLES (CONTINUED)

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

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

1.19.3 Derecognition

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

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

1.20 CASH AND CASH EQUIVALENTS

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

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

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

1.21 RECEIVABLES

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

OVERBERG DISTRICT MUNICIPALITY

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

1.21 RECEIVABLES (CONTINUED)

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

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

1.22 TAXES (VALUE ADDED TAX)

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

1.23 PAYABLES AND ANNUITY LOANS

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

1.24 CONSUMER DEPOSITS

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

1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS (CONTINUED)

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

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

1.26 REVENUE

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

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 *Transfer Revenue*

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.26 REVENUE (CONTINUED)

1.26.1.4 *Insurance Receipts*

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

1.26.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

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

1.26.1.7 *Services in-kind*

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.26 REVENUE (CONTINUED)

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

1.26.1.8 Contributed Assets

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

1.26.2 Revenue from Exchange Transactions

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

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

1.26.2.2 Grants and Subsidies (Roads Function)

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

OVERBERG DISTRICT MUNICIPALITY

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

1.26 REVENUE (CONTINUED)

1.26.2.2 *Investment income*

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

1.26.2.3 *Rental income*

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

1.26.2.4 *Income from Agency Services*

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

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

1.26.2.5 *Other Tariffs*

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

1.26.2.6 *Sale of goods*

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

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

1.26.2.7 *Deferred payment*

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

OVERBERG DISTRICT MUNICIPALITY

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

1.26 REVENUE (CONTINUED)

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

1.27 BORROWING COSTS

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

1.28 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.

1.29 IRREGULAR EXPENDITURE

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

1.30 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.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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

1.32 CAPITAL COMMITMENTS

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

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

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

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

1.34 RELATED PARTIES

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.35 RELATED PARTIES (CONTINUED)

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

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

1.36.1 Application of Directive 7

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

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

For deemed cost applied to 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.

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

1.36.2 Impairment of Receivables

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

1.36.3 Useful lives and residual values

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

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

OVERBERG DISTRICT MUNICIPALITY

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

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.36.4 Impairment of non-monetary assets

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

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

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

1.36.5 Post-Retirement and Long-term Benefits

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

1.36.6 Provisions and Contingent Liabilities

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

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

1.36.7 Financial assets and liabilities

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

1.36.8 Revenue Recognition

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

OVERBERG DISTRICT MUNICIPALITY

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

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

1.36.9 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- (a) 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; and
- (b) Refer to note 19 for other major assumptions utilised

1.36.10 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.

1.36.11 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.

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|--|-------------------|-------------------|
| 2 CASH AND CASH EQUIVALENTS | | |
| Bank Accounts | 8 840 885 | 415 467 |
| Call Investments and Other Deposits | 27 867 600 | 31 855 758 |
| Cash Floats | 6 900 | 4 900 |
| Total | 36 715 385 | 32 276 125 |
| <p>Due to the short term nature of cash deposits, all balances included above is in line with their fair value</p> <p>Cash and Cash Equivalents are held to support the following commitments:</p> | | |
| Unspent Conditional Grants | 12 904 812 | 8 970 198 |
| Working Capital Requirements | 23 810 574 | 23 305 927 |
| | 36 715 385 | 32 276 125 |
| Bank Accounts | | |
| <p>Bredasdorp ABSA - Account number 17 8000 00 62 (Primary Bank Account)</p> | | |
| Bank Statement Balance - Opening Balance | 466 906 | 9 808 458 |
| Bank Statement Balance - Closing Balance | 8 844 306 | 466 906 |
| Cashbook Balance - Opening Balance | 415 467 | 9 790 694 |
| Cashbook Balance - Closing Balance | 8 840 885 | 415 467 |
| <p>The municipality does not have an overdraft facility</p> | | |
| Call and Notice Deposits | | |
| <p>Call and Notice Deposits consist out of the following accounts:</p> | | |
| ABSA Depositor Plus - Account Number 92 8755 1045 | 13 768 809 | 16 364 690 |
| ABSA Depositor Plus - Account Number 92 8755 0641 | 14 098 791 | 15 491 068 |
| | 27 867 600 | 31 855 758 |

Interest of 6.50 % (2017 - 7.00 %) are attracted by these short term deposits.

OVERBERG DISTRICT MUNICIPALITY

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

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2018

| | Gross Balance R | Allowance for impairment R | Net Receivable R |
|----------------------------|--------------------|----------------------------------|---------------------|
| Service Receivables | 2 136 250 | 114 694 | 2 021 557 |
| Electricity | 1 967 | 263 | 1 704 |
| Water | 595 | - | 595 |
| Housing rental | 44 711 | 9 915 | 34 797 |
| Sundry Debtors | 2 088 978 | 104 516 | 1 984 462 |
| Other Receivables | 778 757 | - | 778 757 |
| Accrued Interest | 184 499 | - | 184 499 |
| Payments in Advance | 594 258 | - | 594 258 |
| Total | 2 915 008 | 114 694 | 2 800 314 |

30 JUNE 2017

| | Gross Balance R | Allowance for impairment R | Net Receivable R |
|----------------------------|--------------------|----------------------------------|---------------------|
| Service Receivables | 1 234 570 | 133 375 | 1 101 195 |
| Electricity | 2 | - | 2 |
| Water | 652 | - | 652 |
| Housing rental | 88 542 | 23 283 | 65 259 |
| Sundry Debtors | 1 145 374 | 110 093 | 1 035 281 |
| Other Receivables | 1 011 267 | - | 1 011 267 |
| Accrued Interest | 148 759 | - | 148 759 |
| Payments in Advance | 862 507 | - | 862 507 |
| Total | 2 245 837 | 133 375 | 2 112 461 |

Ageing of service receivables:

Electricity Ageing

| | 2018 R | 2017 R |
|-------------------------|--------------|-----------|
| Current (0 - 30 days) | 1 319 | 2 |
| Past Due (31 - 60 Days) | 92 | - |
| Past Due (61 - 90 Days) | 79 | - |
| Past Due (90 Days +) | 476 | - |
| Total | 1 967 | 2 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|------------------|------------------|
| 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED) | | |
| Water Ageing | | |
| Current (0 - 30 days) | 595 | 589 |
| Past Due (31 - 60 Days) | - | 63 |
| Total | 595 | 652 |
| Housing Rental Ageing | | |
| Current (0 - 30 days) | 2 929 | 27 758 |
| Past Due (31 - 60 Days) | 12 800 | 7 950 |
| Past Due (61 - 90 Days) | 8 350 | 6 438 |
| Past Due (90 Days +) | 20 632 | 46 396 |
| Total | 44 711 | 88 542 |
| Sundry Debtors Ageing | | |
| Current (0 - 30 days) | 1 046 948 | 633 623 |
| Past Due (31 - 60 Days) | 82 718 | 198 654 |
| Past Due (61 - 90 Days) | 28 039 | 85 741 |
| Past Due (90 Days +) | 931 273 | 227 356 |
| Total | 2 088 978 | 1 145 374 |
| Total Service Receivables Ageing | | |
| Current (0 - 30 days) | 1 051 790 | 661 972 |
| Past Due (31 - 60 Days) | 95 610 | 206 667 |
| Past Due (61 - 90 Days) | 36 469 | 92 179 |
| Past Due (90 Days +) | 952 381 | 273 752 |
| Total | 2 136 250 | 1 234 570 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|----------------|----------------|
| 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED) | | |
| Reconciliation of Allowance for impairment | | |
| Balance at the beginning of the year | 133 375 | 275 046 |
| Contribution to the provision | 10 477 | 104 549 |
| Electricity | 263 | 2 986 |
| Water | - | 330 |
| Refuse | - | 474 |
| Housing rental | (13 368) | 48 830 |
| Sundry Debtors | 23 582 | 51 929 |
| Bad Debts Written off | (29 159) | (246 219) |
| Electricity | - | (5 609) |
| Water | - | (746) |
| Refuse | - | (947) |
| Housing rental | - | (131 221) |
| Sundry Debtors | (29 159) | (107 696) |
| Balance at the end of the year | 114 694 | 133 375 |

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

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2018

| | Gross Balance R | Allowance for impairment R | Net Receivable R |
|----------------------------|--------------------|----------------------------------|---------------------|
| Service Receivables | 14 774 | 4 394 | 10 381 |
| Legal Fees | 14 774 | 4 394 | 10 381 |
| Other Receivables | 305 853 | - | 305 853 |
| Sundry Debtors | 254 071 | - | 254 071 |
| Suspense Debtors | 51 783 | - | 51 783 |
| Total | 320 628 | 4 394 | 316 234 |

OVERBERG DISTRICT MUNICIPALITY

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

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2017

| | Gross Balance R | Allowance for impairment R | Net Receivable R |
|----------------------------|--------------------|----------------------------------|---------------------|
| Service Receivables | 14 084 | 4 084 | 9 999 |
| Legal Fees | 14 084 | 4 084 | 9 999 |
| Other Receivables | 376 117 | - | 376 117 |
| Sundry Debtors | 254 071 | - | 254 071 |
| Suspense Debtors | 122 047 | - | 122 047 |
| Total | 390 201 | 4 084 | 386 117 |

| | 2018 R | 2017 R |
|---------------------------------------|---------------|---------------|
| Ageing of service receivables: | | |
| Legal Fees Ageing | | |
| Current (0 - 30 days) | - | 1 657 |
| Past Due (31 - 60 Days) | 3 262 | 1 118 |
| Past Due (61 - 90 Days) | 2 846 | 2 423 |
| Past Due (90 Days +) | 8 666 | 8 885 |
| Total | 14 774 | 14 084 |

Reconciliation of Allowance for impairment

| | | |
|--------------------------------------|--------------|--------------|
| Balance at the beginning of the year | 4 084 | 10 447 |
| Contribution to the provision | 4 243 | 5 244 |
| Legal Fees | 4 243 | 5 244 |
| Bad Debts Written off | (3 934) | (11 607) |
| Legal Fees | (3 934) | (11 607) |
| Balance at the end of the year | 4 394 | 4 084 |

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

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|--|----------------|---------------|
| 5 OPERATING LEASES | | |
| 5.1 Operating Lease Asset | - | - |
| <p>The municipality will receive the following lease payments from contracts that have defined lease payments and terms.</p> | | |
| Within 1 Year | 130 548 | 28 801 |
| Between 1 and 5 Years | 226 797 | - |
| | 357 344 | 28 801 |

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

The lease payments are in respect of properties being leased out over a period ranging up to 2021 (2017 - 2018)

| | | |
|---|----------------|----------------|
| 5.2 Operating Lease Liability | - | - |
| <p>The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.</p> | | |
| <p>The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.</p> | | |
| Within 1 Year | 279 192 | 143 925 |
| Between 1 and 5 Years | 244 510 | 260 544 |
| | 523 702 | 404 470 |

The operating lease liability relates to the following lease arrangements:

The Municipality entered into a lease agreement with Theewaterskloof Local Municipality for additional office space. The lease agreement commenced on 1 April 2017 and will run up to 31 March 2020. The initial monthly rental is R 1 495 (VAT inclusive) and the lease is subject to an annual increase of 8%. The municipality has the option to renew the lease after 31 March 2020.

OVERBERG DISTRICT MUNICIPALITY

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

5 OPERATING LEASES (CONTINUED)

The Municipality entered into a lease agreement with Mr Johannes de villiers D Kock for additional office space. The lease agreement commenced on 1 March 2017 and will run up to 28 February 2020. The initial monthly rental is R 11 910 (VAT inclusive) and the lease is subject to an annual increase of 6%. The municipality has the option to renew the lease after 28 February 2020. The prior year disclosure were corrected to include this lease incorrectly not disclosed.

6 TAXES

| | 2018 R | 2017 R |
|----------------|----------------|------------------|
| Vat Payable | (374 995) | (822 084) |
| Vat Receivable | 1 079 185 | 3 449 246 |
| Total | 704 190 | 2 627 162 |

VAT is accounted for on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

7 INVENTORY

| | | |
|-----------------------|------------------|----------------|
| Consumables | 1 025 535 | 988 946 |
| Printing & Stationary | 33 203 | 25 440 |
| Fuel & Oil | 709 630 | 690 490 |
| Spare Parts | 43 046 | 38 579 |
| Grader Blades | 199 223 | 144 810 |
| Cleaning Materials | 18 663 | 19 198 |
| Other | 21 770 | 70 429 |
| Total | 1 025 535 | 988 946 |

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

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts (including obsolete items).

Inventory recognised as an expense during the year.

| | |
|-------------------|------------------|
| 482 | 2 144 |
| 10 536 928 | 9 334 848 |

OVERBERG DISTRICT MUNICIPALITY

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

| 8 INVESTMENT PROPERTY | 2018 R | 2017 R |
|---|-----------|-----------|
| Investment Property - Carrying Value | 1 198 950 | 1 252 950 |
| Balance Previously Reported | | - |
| Prior Period Adjustment - Refer to note 40.01 | | 1 252 950 |

The movement in Investment Property is reconciled as follows:

| | | |
|--|-----------|-----------|
| Investment Property - Opening Carrying Value | 1 252 950 | 1 252 950 |
| Cost | 1 252 950 | 1 252 950 |
| Disposals | (54 000) | - |
| Investment Property - Closing Carrying Value | 1 198 950 | 1 252 950 |
| Cost | 1 198 950 | 1 252 950 |

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

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

No Rental revenue were earned from Investment Properties

No repairs and maintenance cost were incurred on any investment properties in the current period.

OVERBERG DISTRICT MUNICIPALITY

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

9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2018

| | Land and Buildings R | Infrastructure R | Community Assets R | Leased Assets R | Other Assets R | Total R |
|-------------------------------|----------------------------|---------------------|-----------------------|--------------------|-------------------|-------------------|
| Opening Carrying Value | 14 523 769 | 11 601 611 | 29 645 | 3 444 194 | 14 097 124 | 43 696 343 |
| Cost | 20 450 971 | 24 498 717 | 46 110 | 4 426 573 | 20 911 335 | 70 333 706 |
| Accumulated Depreciation | (5 927 202) | (12 897 105) | (16 465) | (982 380) | (6 814 211) | (26 637 363) |
| Additions | 1 452 847 | - | - | - | 3 865 257 | 5 318 103 |
| Depreciation for the year | (254 028) | (714 671) | (806) | (1 042 181) | (1 229 313) | (3 240 999) |
| Disposals | - | - | - | - | (17 002) | (17 002) |
| Cost | - | - | - | - | (36 097) | (36 097) |
| Accumulated Depreciation | - | - | - | - | 19 095 | 19 095 |
| Closing Carrying Value | 15 722 588 | 10 886 940 | 28 838 | 2 402 013 | 16 716 066 | 45 756 445 |
| Cost | 21 903 817 | 24 498 717 | 46 110 | 4 426 573 | 24 740 495 | 75 615 713 |
| Accumulated Depreciation | (6 181 230) | (13 611 776) | (17 272) | (2 024 561) | (8 024 429) | (29 859 268) |
| Work in Progress | 1 187 403 | - | - | - | - | 1 187 403 |

OVERBERG DISTRICT MUNICIPALITY

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

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2017

| | Land and Buildings R | Infrastructure R | Community Assets R | Leased Assets R | Other Assets R | Total R |
|-------------------------------|----------------------------|---------------------|-----------------------|--------------------|-------------------|-------------------|
| Opening Carrying Value | 14 720 200 | 12 200 169 | 30 451 | 2 464 912 | 10 627 851 | 40 043 583 |
| Cost | 20 398 782 | 24 387 107 | 46 110 | 3 037 112 | 16 563 882 | 64 432 993 |
| Accumulated Depreciation | (5 678 582) | (12 186 938) | (15 659) | (572 200) | (5 936 031) | (24 389 410) |
| Additions | 52 189 | 111 610 | - | 2 074 306 | 4 369 208 | 6 607 312 |
| Depreciation for the year | (248 620) | (710 167) | (806) | (944 085) | (891 151) | (2 794 830) |
| Disposals | - | - | - | (150 939) | (8 783) | (159 722) |
| Cost | - | - | - | (684 844) | (21 755) | (706 599) |
| Accumulated Depreciation | - | - | - | 533 905 | 12 971 | 546 876 |
| Closing Carrying Value | 14 523 769 | 11 601 611 | 29 645 | 3 444 194 | 14 097 124 | 43 696 343 |
| Cost | 20 450 971 | 24 498 717 | 46 110 | 4 426 573 | 20 911 335 | 70 333 706 |
| Accumulated Depreciation | (5 927 202) | (12 897 105) | (16 465) | (982 380) | (6 814 211) | (26 637 363) |

There were no work in progress balance at year-end.

OVERBERG DISTRICT MUNICIPALITY

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

| 10 | INTANGIBLE ASSETS | 2018 R | 2017 R |
|----|------------------------------------|----------------|----------------|
| | Intangible Assets - Carrying Value | <u>388 472</u> | <u>450 420</u> |

The movement in intangible assets is reconciled as follows:

| | | |
|-------------------------------|-----------|-----------|
| Opening Carrying Value | 450 420 | 351 638 |
| Cost | 1 160 629 | 986 430 |
| Accumulated Depreciation | (710 209) | (634 792) |
| Additions | 13 800 | 174 199 |
| Amortisation for the year | (75 748) | (75 417) |
| Closing Carrying Value | 388 472 | 450 420 |
| Cost | 1 174 429 | 1 160 629 |
| Accumulated Depreciation | (785 957) | (710 209) |

Intangible Assets consist only out of software.

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.

| 11 | CAPITALISED RESTORATION COST (PPE) | 2018 R | 2017 R |
|----|---|------------------|------------------|
| | Capitalised Restoration Cost - Carrying Value | <u>6 888 783</u> | <u>8 817 832</u> |

The movement in capitalised restoration cost is reconciled as follows:

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|--|------------------|------------------|
| 11 CAPITALISED RESTORATION COST (PPE) (CONTINUED) | | |
| Opening Carrying Value | 8 817 832 | 9 979 647 |
| Cost | 10 518 160 | 11 310 376 |
| Accumulated Depreciation | (1 642 371) | (1 258 539) |
| Accumulated Impairments | (57 957) | (72 191) |
| Disposals | (1 551 237) | (792 216) |
| Depreciation for the year | (352 713) | (383 833) |
| Impairment | (25 099) | - |
| Reversal of Impairments for the year | - | 14 234 |
| Closing Carrying Value | 6 888 783 | 8 817 832 |
| Cost | 8 966 923 | 10 518 160 |
| Accumulated Depreciation | (1 995 084) | (1 642 371) |
| Accumulated Impairments | (83 056) | (57 957) |

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

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

Refer to note 19 for more detail relating to this asset financed by way of a provision

OVERBERG DISTRICT MUNICIPALITY

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

| 12 EMPLOYEE BENEFITS | 2018 R | 2017 R |
|--|--------------------------|--------------------------|
| Employee Benefits (Roads) | <u>28 432 572</u> | <u>28 432 572</u> |
| The movement in Employee Benefits (Roads) are reconciled as follows: | | |
| Opening Balance | 28 432 572 | 28 432 572 |
| Contribution during the year | 2 963 467 | 2 884 046 |
| Current Service Cost | 651 950 | 627 022 |
| Interest Cost | 2 311 517 | 2 257 024 |
| Refunded to/(Claimed from) Department of Roads | (123 521) | (2 062 757) |
| Actuarial Gain | (2 839 946) | (821 289) |
| Total | <u>28 432 572</u> | <u>28 432 572</u> |

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on an agency basis on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past experience, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

Refer to note 18 for more detail relating to this receivable.

OVERBERG DISTRICT MUNICIPALITY

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

| 13 | LONG-TERM LIABILITIES | 2018 R | 2017 R |
|----|--|------------------|------------------|
| | Annuity Loans | 296 754 | 472 957 |
| | Finance Lease Liabilities | 2 517 515 | 3 547 479 |
| | Sub-Total | 2 814 269 | 4 020 437 |
| | Less: Current portion of Long-term Liabilities | 2 556 280 | 1 205 774 |
| | Annuity Loans | 193 248 | 176 204 |
| | Finance Lease Liabilities | 2 363 031 | 1 029 570 |
| | Total | 257 989 | 2 814 663 |

Long Term Liabilities were fully utilised to purchase property plant and equipment in accordance with the Municipal Finance Management Act. No loans were unspent and no cash were set aside to finance future instalments.

Annuity Loans

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

| | | |
|---|----------------|----------------|
| INCA | 296 754 | 472 957 |
| Interest is calculated at an interest rate of 9.45% (2017 - 9.45%) and the loan will be fully redeemed on 31 December 2019. The liability is not secured. | | |
| | 296 754 | 472 957 |

Annuity loans are payable as follows:

| | | |
|---|-----------------|-----------------|
| Payable within one year | 216 873 | 216 873 |
| Payable within two to five years | 108 436 | 325 309 |
| Payable after five years | - | - |
| Total amount payable | 325 309 | 542 181 |
| Less: Outstanding Future Finance Charges | (28 555) | (69 224) |
| Present value of annuity loans | 296 754 | 472 957 |

OVERBERG DISTRICT MUNICIPALITY

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

| | | | |
|----|--|------|------|
| | | 2018 | 2017 |
| | | R | R |
| 13 | LONG-TERM LIABILITIES (CONTINUED) | | |

Finance Lease Liabilities

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

| Nr | Institution | Interest Rate | Lease Term |
|----|------------------|------------------|---------------------------------------|
| 1 | Avis (Vehicles) | 10.03% to 17.49% | 31 March 2016 - 30 April 2019 |
| 2 | Nashua (Copiers) | 10.50% | 1 September 2016 to 30 September 2019 |

All lease agreements have no escalation clause over the respective periods. After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Copiers and Vehicles will be returned to the supplier at the end of the lease term when the contract is cancelled.

Assets and liabilities associated with finance lease contracts:

| Nr | Carrying Value of Asset | | Carrying Value of Liability | |
|----|-------------------------|------------------|-----------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | R | R | R | R |
| 1 | 1 568 778 | 1 919 524 | 1 613 521 | 1 968 375 |
| 2 | 833 234 | 1 524 670 | 903 994 | 1 579 105 |
| | 2 402 013 | 3 444 194 | 2 517 516 | 3 547 479 |
| | 2 402 013 | 3 444 194 | 2 517 516 | 3 547 479 |

The carrying value of assets, which are pledged as security for outstanding liabilities, are included in the property, plant and equipment carrying value in note 9.

The municipality did not treat the accounting for cellular phones and tablets (leased contracts) correctly for the period ending 30 June 2017 and 30 June 2018 as per GRAP standards 13 and 17. The effect is not considered material for the entity.

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|------------------|------------------|
| 13 LONG-TERM LIABILITIES (CONTINUED) | | |
| Finance Lease Liabilities are payable as follows: | | |
| Payable within one year | 2 558 389 | 1 386 868 |
| Payable within two to five years | 156 800 | 2 720 401 |
| Total amount payable | 2 715 189 | 4 107 269 |
| <u>Less:</u> Outstanding Future Finance Charges | (197 674) | (559 789) |
| Present value of finance lease liabilities | 2 517 516 | 3 547 479 |

| | | |
|---|---------------|---------------|
| 14 CONSUMER DEPOSITS | | |
| Electricity | 11 820 | 11 820 |
| Total | 11 820 | 11 820 |
| Guarantees held in lieu of Electricity Deposits | - | - |

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

| | | |
|---|------------------|------------------|
| 15 PAYABLES FROM EXCHANGE TRANSACTIONS | | |
| Trade Payables | 2 639 521 | 1 238 438 |
| Payments received in advance | 624 093 | 594 321 |
| Retentions and Guarantees | 1 039 740 | 1 039 740 |
| Balance Previously Reported | | - |
| Prior Period Adjustment - Refer to note 40.02 | | 1 039 740 |
| Housing Rent Deposits | 67 427 | 24 332 |
| Suspense Accounts | 449 581 | 177 719 |
| Total | 4 820 362 | 3 074 550 |

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured and the municipality did not default on any payables during the year.

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|--|-------------------|------------------|
| 15 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED) | | |
| The Retentions and Guarantees relates to a financial guarantee received from the Department of Transport and Public Works for the rehabilitation of land. The Retention was incorrectly removed from the accounting records during the prior year. | | |
| 16 UNSPENT CONDITIONAL GOVERNMENT GRANTS | | |
| National Government | 362 545 | - |
| Provincial Government | 12 542 266 | 8 970 198 |
| Total | 12 904 812 | 8 970 198 |
| Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met. | | |
| No grants were withheld in the current year. | | |
| Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end. | | |
| The significant unspent balance on 30 June 2017 and 30 June 2018 can mainly be attributed to substantial advances received from the Provincial Roads Department before year-end. | | |
| 17 CURRENT EMPLOYEE BENEFITS | | |
| Post Retirement Medical Benefits | 3 057 496 | 3 020 285 |
| Long Service Awards | 647 892 | 621 706 |
| Bonuses | 2 060 618 | 1 781 453 |
| Staff Leave | 5 009 767 | 4 403 942 |
| Total | 10 775 772 | 9 827 385 |
| The movement in current employee benefits are reconciled as follows: | | |
| <u>Bonuses</u> | | |
| Opening Balance | 1 781 453 | 1 720 596 |
| Contribution during the year | 4 425 305 | 3 963 522 |
| Payments made | (4 146 140) | (3 902 665) |
| Closing Balance | 2 060 618 | 1 781 453 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|------------------|------------------|
| 17 CURRENT EMPLOYEE BENEFITS (CONTINUED) | | |
| 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. | | |
| <u>Staff Leave</u> | | |
| Opening Balance | 4 403 942 | 4 018 965 |
| Contribution during the year | 835 035 | 727 689 |
| Payments made | (229 210) | (342 712) |
| Closing Balance | 5 009 767 | 4 403 942 |

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

| | | |
|--|-------------------|-------------------|
| 18 EMPLOYEE BENEFITS | | |
| Post Retirement Medical Benefits | 56 007 663 | 57 584 774 |
| Long Service Awards | 5 346 681 | 5 039 136 |
| Sub-Total | 61 354 344 | 62 623 910 |
| Less: Current portion of Employee Benefits | 3 705 388 | 3 641 991 |
| Post Retirement Medical Benefits | 3 057 496 | 3 020 285 |
| Long Service Awards | 647 892 | 621 706 |
| Total | 57 648 956 | 58 981 919 |

18.1 Post Retirement Medical Benefits

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

| | | |
|----------------------------------|-------------------|-------------------|
| Opening Balance | 57 584 774 | 55 456 360 |
| Contribution during the year | 6 614 235 | 6 521 654 |
| Current Service Cost | 1 521 754 | 1 693 603 |
| Interest Cost | 5 092 481 | 4 828 051 |
| Payments made | (2 761 958) | (2 634 649) |
| Actuarial Gain | (5 429 388) | (1 758 591) |
| Total balance at year-end | 56 007 663 | 57 584 774 |
| Less Current Portion | 3 057 496 | 3 020 285 |
| Total | 52 950 167 | 54 564 489 |

OVERBERG DISTRICT MUNICIPALITY

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

18 EMPLOYEE BENEFITS (CONTINUED)

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

| | 2018 | 2017 |
|----------------------|------------|------------|
| In-service members | 120 | 111 |
| Continuation members | 79 | 83 |
| Total | 199 | 194 |

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

| | 2018 R | 2017 R |
|---------------------------------|-------------------|-------------------|
| In-service members | 23 090 073 | 22 180 958 |
| Continuation members | 32 917 590 | 35 403 817 |
| Total Unfunded Liability | 56 007 663 | 57 584 775 |

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

| | 2016 R | 2015 R | 2014 R |
|---------------------------------|-------------------|-------------------|-------------------|
| In-service members | 22 975 228 | 20 687 379 | 18 182 623 |
| Continuation members | 32 481 132 | 36 224 166 | 35 270 399 |
| Total Unfunded Liability | 55 456 360 | 56 911 545 | 53 453 022 |

Experience adjustments were calculated as follows:

| | 2018 R m | 2017 R m |
|--------------------------|-------------|-------------|
| Liabilities: (Gain)/Loss | (2.001) | 3 802 |
| Assets: Gain/(Loss) | - | - |

Experience adjustments were calculated as follows in years prior to the comparative year:

| | 2016 R m | 2015 R m | 2014 R m |
|--------------------------|-------------|-------------|-------------|
| Liabilities: (Gain)/Loss | (3.887) | 0.132 | 0.349 |
| Assets: Gain/(Loss) | - | - | - |

OVERBERG DISTRICT MUNICIPALITY

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

18 EMPLOYEE BENEFITS (CONTINUED)

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

Bonitas
LA Health
Samwumed
Keyhealth

| | 2018 | 2017 |
|--|-------|-------|
| Key Actuarial Assumptions used are as follows: | | |
| Interest Rates | | |
| Discount rate | 9.64% | 9.08% |
| Health Care Cost Inflation Rate | 7.59% | 7.49% |
| Net Effective Discount Rate | 1.90% | 1.48% |

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

Mortality Rates

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

Normal Retirement Age

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 19 June 2018.

Actuarial Valuation Method

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

OVERBERG DISTRICT MUNICIPALITY

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

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

| Assumption | In-service members (Rm) | Continuation members (Rm) | Total liability (Rm) | % change |
|--|-------------------------|---------------------------|----------------------|----------|
| Liability | 23.090 | 32.918 | 56.008 | |
| Health care inflation | | | | |
| + 1% | 27.516 | 35.831 | 63.347 | 13% |
| - 1% | 19.539 | 30.360 | 49.899 | -11% |
| Discount rate | | | | |
| + 1% | 19.627 | 30.426 | 50.053 | -11% |
| - 1% | 27.469 | 35.801 | 63.269 | 13% |
| Post-retirement mortality | | | | |
| - 1 year | 23.799 | 34.269 | 58.068 | 4% |
| Average retirement age | | | | |
| - 1 year | 25.025 | 32.918 | 57.943 | 3% |
| Continuation of membership at retirement | | | | |
| - 10% | 20.892 | 32.918 | 53.809 | -4% |

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

| Assumption | Current Service Cost (Rm) | Interest Cost (Rm) | Total Cost (Rm) | % change |
|--|---------------------------|--------------------|-----------------|----------|
| Future Cost | 1.564 | 5.256 | 6.820 | |
| Health care inflation | | | | |
| + 1% | 1.897 | 5.963 | 7.860 | 15% |
| - 1% | 1.302 | 4.668 | 5.969 | -12% |
| Discount rate | | | | |
| + 1% | 1.320 | 5.168 | 6.488 | -5% |
| - 1% | 1.876 | 5.338 | 7.215 | 6% |
| Post-retirement mortality | | | | |
| - 1 year | 1.612 | 5.455 | 7.066 | 4% |
| Average retirement age | | | | |
| - 1 year | 1.562 | 5.443 | 7.005 | 3% |
| Continuation of membership at retirement | | | | |
| - 10% | 1.416 | 5.044 | 6.460 | -5% |

OVERBERG DISTRICT MUNICIPALITY

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

| 18 EMPLOYEE BENEFITS (CONTINUED) | 2018 R | 2017 R |
|--|------------------|------------------|
| 18.2 Long Service Awards | | |
| The movement in Long Service Awards are reconciled as follows: | | |
| Opening Balance | 5 039 136 | 5 111 253 |
| Contribution during the year | 732 298 | 767 463 |
| Current Service Cost | 349 106 | 361 257 |
| Interest Cost | 383 192 | 406 206 |
| Payments made | (499 713) | (623 574) |
| Actuarial (Gain)/Loss | 74 960 | (216 006) |
| Total balance at year-end | 5 346 681 | 5 039 136 |
| Less Current Portion | 647 892 | 621 706 |
| Total | 4 698 789 | 4 417 430 |

The following members are eligible for long service bonuses:

| | 2018 | 2017 |
|--------------------|------|------|
| In-service members | 302 | 282 |

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

| | 2018 R | 2017 R |
|---------------------------------|------------------|------------------|
| In-service members | 5 346 681 | 5 039 136 |
| Total Unfunded Liability | 5 346 681 | 5 039 136 |

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

| | 2016 R | 2015 R | 2014 R |
|---------------------------------|------------------|------------------|------------------|
| In-service members | 5 111 253 | 4 804 563 | 4 370 073 |
| Total Unfunded Liability | 5 111 253 | 4 804 563 | 4 370 073 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 | 2017 |
|--|---------|--------|
| | R | R |
| 18 EMPLOYEE BENEFITS (CONTINUED) | | |
| Experience adjustments were calculated as follows: | | |
| Liabilities: (Gain)/Loss | 261 414 | 27 580 |
| Assets: Gain/(Loss) | - | - |

Experience adjustments were calculated as follows in years prior to the comparative year:

| | 2016 | 2015 | 2014 |
|--------------------------|---------|---------|--------|
| | R | R | R |
| Liabilities: (Gain)/Loss | 314 926 | 272 504 | 60 179 |
| Assets: Gain/(Loss) | - | - | - |

Key Actuarial Assumptions used are as follows:

Interest Rates

| | 2018 | 2017 |
|--|-------|-------|
| Discount rate | 8.65% | 8.09% |
| General Salary Inflation (long-term) | 6.39% | 6.02% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 2.13% | 1.96% |

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

Last Valuation

The last valuation was performed on 19 June 2018.

Actuarial Valuation Method

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

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R | | |
|--|---------------------------------------|----------------------------|-------------------------|-----------------|
| 18 EMPLOYEE BENEFITS (CONTINUED) | | | | |
| Sensitivity Analysis - Liability at year-end | | | | |
| Assumption | Total liability (Rm) | % change | | |
| Liability | 5.347 | | | |
| General salary inflation | | | | |
| + 1% | 5.660 | 6% | | |
| - 1% | 5.062 | -5% | | |
| Discount rate | | | | |
| + 1% | 5.050 | -6% | | |
| - 1% | 5.679 | 6% | | |
| Average retirement age | | | | |
| - 2 years | 4.455 | -17% | | |
| + 2 years | 6.195 | 16% | | |
| Withdrawal rates | | | | |
| - 50% | 6.164 | 15% | | |
| Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year) | | | | |
| Assumption | Current Service Cost R | Interest Cost R | Total Cost R | % change |
| Future Cost | 380 100 | 435 100 | 815 200 | |
| General salary inflation | | | | |
| + 1% | 411 700 | 462 200 | 873 900 | 7% |
| - 1% | 352 100 | 410 500 | 762 600 | -6% |
| Discount rate | | | | |
| + 1% | 354 500 | 456 900 | 811 400 | 0% |
| - 1% | 409 400 | 410 200 | 819 600 | 1% |
| Average retirement age | | | | |
| - 2 years | 325 600 | 358 000 | 683 600 | -16% |
| + 2 years | 429 500 | 508 100 | 937 600 | 15% |
| Withdrawal rates | | | | |
| - 50% | 503 100 | 505 900 | 1 009 000 | 24% |

OVERBERG DISTRICT MUNICIPALITY

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

18 EMPLOYEE BENEFITS (CONTINUED)

18.3 Other Pension Benefits

| Defined Benefit Plans | 2018 R | 2017 R |
|---|------------------|------------------|
| Council contributes to the following defined benefit plans: | | |
| LA Retirement Fund (former Cape Joint Pension Fund) | 925 212 | 871 498 |
| The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 102.6% (30 June 2016 - 103.5%). | | |
| Consolidated Retirement Fund (former Cape Retirement Fund) | 7 136 749 | 6 395 994 |
| The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 118.0%. | | |
| Total | 8 061 961 | 7 267 491 |

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

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

OVERBERG DISTRICT MUNICIPALITY

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

18 EMPLOYEE BENEFITS (CONTINUED)

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

| Defined Contribution Plans | 2018 | 2017 |
|--|------------------|------------------|
| | R | R |
| Council contributes to the following defined contribution plans: | | |
| Municipal Councillors Pension Fund | 75 904 | 70 914 |
| SAMWU National Provident Fund | 1 313 224 | 1 215 965 |
| Total | 1 389 128 | 1 286 880 |

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.

19 NON-CURRENT PROVISIONS

| | | |
|---|-------------------|-------------------|
| Rehabilitation Provision - Landfill Sites | 21 330 616 | 20 764 061 |
|---|-------------------|-------------------|

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

| | | |
|----------------------------------|-------------------|-------------------|
| Opening Balance | 20 764 061 | 19 507 943 |
| Contribution during the year | 566 555 | 1 256 118 |
| Increase/(Decrease) in estimate | (1 551 237) | (792 216) |
| Interest Cost | 2 117 792 | 2 048 334 |
| Total balance at year-end | 21 330 616 | 20 764 061 |
| Less Current Portion | - | - |
| Total | 21 330 616 | 20 764 061 |

There are no current portion associated with this provision as the municipality does not intend to rehabilitate any landfill sites in the next financial year.

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|--|--------------------|--------------------|
| 21 GOVERNMENT GRANTS AND SUBSIDIES | | |
| Unconditional Grants - National Government | 57 286 000 | 52 163 000 |
| Equitable Share | 57 286 000 | 52 163 000 |
| Conditional Grants - National Government | 4 672 455 | 4 677 227 |
| Financial Management Grant (FMG) | 1 250 000 | 1 250 000 |
| Expanded Public Works Program (EPWP) | 1 142 000 | 1 000 000 |
| Rural Roads Asset Management System | 2 280 455 | 2 427 227 |
| Conditional Grants - Provincial Government | 85 322 176 | 72 739 456 |
| Roads Subsidy | 83 136 878 | 69 283 538 |
| Health Subsidy | 163 870 | 138 350 |
| Other Provincial Allocations | 2 021 428 | 3 317 569 |
| Conditional Grants - National Departmental Agencies | 146 337 | 284 133 |
| Education, Training and Development Practices SETA | 146 337 | 284 133 |
| Total | 147 426 967 | 129 863 816 |
| Disclosed as: | | |
| Revenue from Non-Exchange Transactions (Operating) | 63 400 089 | 58 277 205 |
| Revenue from Non-Exchange Transactions (Capital) | 890 000 | 2 303 073 |
| Revenue from Exchange Transactions (Operating - Roads Subsidy) | 83 136 878 | 69 283 538 |
| Total | 147 426 967 | 129 863 816 |
| Grants per Vote (MFMA Sec 123 (c)): | | |
| Equitable share | 57 286 000 | 52 163 000 |
| Management Services | 7 004 089 | 8 417 278 |
| Community & Technical Services | 83 136 878 | 69 283 538 |
| Total | 147 426 967 | 129 863 816 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 | 2017 |
|---|------|------|
| | R | R |
| 21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |

The movements per grant can be summarised as follows:

21.01 Equitable Share

| | | |
|------------------------------------|--------------|--------------|
| Grants Received | 57 286 000 | 52 163 000 |
| Transferred to Revenue - Operating | (57 286 000) | (52 163 000) |
| Closing Unspent Balance | - | - |

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

21.02 Financial Management Grant (FMG)

| | | |
|------------------------------------|-------------|-------------|
| Grants Received | 1 250 000 | 1 250 000 |
| Transferred to Revenue - Operating | (1 250 000) | (1 250 000) |
| Closing Unspent Balance | - | - |

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

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|--|-------------------|------------------|
| 21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| 21.03 Expanded Public Works Program (EPWP) | | |
| Grants Received | 1 142 000 | 1 000 000 |
| Transferred to Revenue - Operating | (1 142 000) | (1 000 000) |
| Closing Unspent Balance | - | - |
| <p>The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.</p> | | |
| 21.04 Rural Roads Asset Management System | | |
| Opening Unspent Balance | - | 227 |
| Grants Received | 2 643 000 | 2 427 000 |
| Transferred to Revenue - Operating | (2 280 455) | (2 427 227) |
| Closing Unspent Balance | 362 545 | - |
| <p>The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).</p> | | |
| 21.05 Roads Subsidy | | |
| Opening Unspent Balance | 7 215 129 | 11 374 880 |
| Grants Received | 86 637 363 | 65 123 786 |
| Transferred to Revenue - Operating | (83 136 878) | (69 283 538) |
| Closing Unspent Balance | 10 715 613 | 7 215 129 |
| <p>The road subsidy is utilised to upgrade and maintain the provincial roads network in the municipal area.</p> | | |
| 21.06 Health Subsidy | | |
| Grants Received | 163 870 | 138 350 |
| Transferred to Revenue - Operating | (163 870) | (138 350) |
| Closing Unspent Balance | - | - |
| <p>Health subsidies was used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality.</p> | | |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|-------------------|------------------|
| 21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| 21.07 Other Provincial Allocations and SETA | | |
| Opening Unspent Balance | 1 755 069 | 445 761 |
| Grants Received | 2 239 348 | 4 911 010 |
| Transferred to Revenue - Capital | (890 000) | (2 303 073) |
| Transferred to Revenue - Operating | (1 277 765) | (1 298 629) |
| Closing Unspent Balance | 1 826 653 | 1 755 069 |
| Other Provincial Allocations includes grants such as: | | |
| - Disaster and Risk Management | | |
| - Provincial Finance Management Support Grant | | |
| - SETA Training Fund | | |
| - Greenest Municipality | | |
| - Municipal Finance Improvement Programme | | |
| - Other Provincial Contributions | | |
| 21.08 Total Grants | | |
| Opening Unspent Balance | 8 970 198 | 11 820 868 |
| Grants Received | 151 361 581 | 127 013 146 |
| Transferred to Revenue - Capital | (890 000) | (2 303 073) |
| Transferred to Revenue - Operating | (146 536 967) | (127 560 743) |
| Closing Unspent Balance | 12 904 812 | 8 970 198 |
| 22 PUBLIC CONTRIBUTIONS AND DONATIONS | | |
| Individuals and Organisations | 152 | 3 200 |
| Total | 152 | 3 200 |
| 23 ACTUARIAL GAINS | | |
| Post Retirement Medical Benefits | 5 429 388 | 1 758 591 |
| Long Service Awards | - | 216 006 |
| Total | 5 429 388 | 1 974 597 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|------------------------------------|-----------|---------------|
| 24 REVERSAL OF IMPAIRMENTS | | |
| Capitalised Restoration Cost (PPE) | - | 14 234 |
| Total | - | 14 234 |

The reversal of impairment is the result of an increase in discount rate used to capitalise the rehabilitation asset resulting in the reversal of impairment charges previously recognised.

| | | |
|---------------------------|---------------|----------------|
| 25 SERVICE CHARGES | | |
| Landfill Revenue | 60 000 | 547 590 |
| Municipal Services | 14 753 | 253 852 |
| Total | 74 753 | 801 442 |

Municipal Services are levied in respect of Water, Electricity, Refuse and Sewerage. The Landfill Revenue raised relates to the Karwyderskraal dumping site.

| | | |
|--|-------------------|-------------------|
| 26 RENTAL OF FACILITIES AND EQUIPMENT | | |
| Resorts | 15 676 114 | 13 064 614 |
| Equipment | 38 526 | 80 268 |
| Other | 22 525 | 111 853 |
| Total | 15 737 164 | 13 256 736 |

| | | |
|---------------------------|------------------|------------------|
| 27 AGENCY SERVICES | | |
| Roads | 9 388 283 | 8 114 737 |
| Total | 9 388 283 | 8 114 737 |

The Roads agency fee relates to the roads function being performed by the municipality on behalf of the Western Cape Provincial Government.

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|------------------------|------------------|------------------|
| 28 OTHER INCOME | | |
| Administration Fees | 75 407 | 112 104 |
| Breakages and Losses | 10 007 | 1 953 |
| Cash Surpluses | 25 310 | 8 406 |
| Entrance Fees | 287 652 | 346 617 |
| Fire Services | 2 500 000 | 1 100 000 |
| Inspection Fees | 118 257 | 102 049 |
| Scrap | 1 709 | 1 432 |
| Shared Services | 531 481 | 487 015 |
| Sundry Income | 198 982 | 30 986 |
| Tender Documents | - | 20 042 |
| Training Fees | - | 1 864 |
| Total | 3 748 804 | 2 212 466 |

Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.

| 29 EMPLOYEE RELATED COSTS | | |
|--------------------------------------|-------------------|-------------------|
| Basic Salaries and Wages | 57 852 301 | 52 496 220 |
| Bonus | 4 425 305 | 3 963 522 |
| Pension Fund Contributions | 9 251 406 | 8 410 048 |
| Medical Aid Contributions | 3 814 018 | 3 659 217 |
| Motor Vehicle Allowance | 4 996 371 | 4 563 089 |
| Overtime | 2 454 528 | 2 225 882 |
| UIF Contributions | 475 205 | 451 083 |
| Cellphone Allowance | 378 400 | 317 046 |
| Housing Allowances | 644 663 | 670 302 |
| Standby Allowance | 2 342 087 | 1 983 384 |
| Uniform Allowance | - | 32 510 |
| Group Life Insurance | 1 245 500 | 1 134 856 |
| Bargaining Council Levy | 30 203 | 27 579 |
| Workmen's Compensation Contributions | 496 839 | 475 226 |
| Leave Contributions | 835 035 | 727 689 |
| Long service awards | 349 106 | 361 257 |
| Post Retirement Medical Benefits | 1 521 754 | 1 693 603 |
| Total | 91 112 721 | 83 192 512 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|------------------|------------------|
| 29 EMPLOYEE RELATED COSTS (CONTINUED) | | |
| Remuneration of Key Personnel | | |
| Key personnel are appointed on fixed term contracts. | | |
| Remuneration of the Municipal Manager - D P Beretti | | |
| Basic Salary | 1 341 960 | 1 293 624 |
| Pension and UIF Contributions | 1 785 | 1 785 |
| Motor Vehicle Allowance | 203 423 | 186 814 |
| Housing Allowance | 2 300 | 1 279 |
| Cellphone Allowance | 16 000 | 6 000 |
| Bargaining Council Levy | 17 | 92 |
| Total | 1 565 484 | 1 489 594 |
| Remuneration of the Chief Financial Officer - JCP Tesselaar | | |
| Basic Salary | 1 001 503 | 979 200 |
| Pension and UIF Contributions | 1 785 | 1 785 |
| Motor Vehicle Allowance | 139 599 | 125 759 |
| Housing Allowance | 1 833 | 2 726 |
| Cellphone Allowance | 11 000 | 6 000 |
| Other benefits and allowances | 23 364 | 23 501 |
| Bargaining Council Levy | 74 | 92 |
| Leave Payment | 57 494 | - |
| Total | 1 236 652 | 1 139 063 |
| Remuneration of the Director Community Services - PA Olivier | | |
| Basic Salary | 51 512 | - |
| Pension and UIF Contributions | 8 662 | - |
| Motor Vehicle Allowance | 4 178 | - |
| Housing Allowance | 98 | - |
| Cellphone Allowance | 1 253 | - |
| Total | 65 703 | - |

OVERBERG DISTRICT MUNICIPALITY

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

| 30 | REMUNERATION OF COUNCILLORS | 2018 R | 2017 R |
|----|-----------------------------|------------------|------------------|
| | Annual Remuneration | 3 859 888 | 3 382 380 |
| | Pension Contributions | 199 684 | 142 982 |
| | Motor Vehicle Allowance | 1 682 400 | 1 374 611 |
| | Cellphone Allowance | 399 600 | 249 594 |
| | Total | 6 141 571 | 5 149 566 |

In-kind Benefits

The Executive Mayor and all the committee members are full-time. The Mayoral Committee Members are provided with secretarial support and an office at the cost of the Council.

Remuneration detail of Councillors

The municipal election took place on 3 August 2016 and new councillors were elected. The composition of the Council were as follows prior to and subsequent to the elections:

Council (Since 3 August 2016)

| | | | |
|-------------------------------|---------------|-----------|---------|
| Mayor | AE Franken | 1 033 555 | 784 474 |
| Deputy Mayor | AG Klaas | 740 123 | 376 254 |
| Speaker | LM De Bruyn | 736 306 | 527 245 |
| Mayoral Committee | HD Coetzee | 680 455 | 486 008 |
| Mayoral Committee | MJ Koch | 432 456 | 159 922 |
| Mayoral Committee | CM Lamprecht | 376 513 | 301 981 |
| Mayoral Committee | MD Opperman | 347 304 | 306 167 |
| Mayoral Committee (June 2018) | L Ntsabo | 35 164 | - |
| Direct | KJ Tiemie | 314 616 | 255 159 |
| Direct | SH Fourie | 320 136 | 322 139 |
| Direct | MH Witbooi | 314 763 | 254 926 |
| Direct | JC Gelderblom | 315 818 | 255 432 |
| Direct | VE Mentile | 327 119 | 262 520 |
| Direct (Up to April 2017) | CA May | 13 574 | 188 727 |
| Part Time (June 2018) | MD Opperman | 804 | - |
| Part Time | N Botha | - | 2 810 |
| Part Time (up to May 2018) | L Ntsabo | 24 296 | 2 433 |
| Part Time | NM Sapepa | 16 021 | 15 070 |
| Part Time | EL Sauls | 11 406 | 8 282 |
| Part Time | EC Marthinus | 13 283 | 10 284 |
| Part Time | IM Sileku | 16 254 | 8 611 |
| Part Time | R Brinkhuys | 30 430 | 17 412 |

OVERBERG DISTRICT MUNICIPALITY

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

| | | 2018 R | 2017 R |
|-----------|--|------------------|------------------|
| 31 | REMUNERATION OF COUNCILLORS (CONTINUED) | | |
| | Part Time | 16 509 | 21 446 |
| | Part Time | 18 168 | 15 905 |
| | Part Time | - | 2 886 |
| | Part Time (Up to February 2017) | - | 17 842 |
| | Part Time | 6 498 | |
| | Council (Up to 3 August 2016) | | |
| | Mayor | - | 87 638 |
| | Speaker | - | 41 352 |
| | Mayoral Committee | - | 66 389 |
| | Mayoral Committee | - | 37 103 |
| | Mayoral Committee | - | 38 127 |
| | Mayoral Committee/Direct | - | 88 319 |
| | Direct | - | 29 495 |
| | Direct | - | 29 495 |
| | Direct | - | 28 262 |
| | Direct | - | 30 681 |
| | Direct | - | 28 262 |
| | Direct | - | 29 495 |
| | Part Time | - | 2 617 |
| | Part Time | - | 1 523 |
| | Part Time | - | 2 275 |
| | Part Time | - | 1 826 |
| | Part Time | - | 945 |
| | Part Time | - | 1 827 |
| | Total | 6 141 571 | 5 149 566 |
| 31 | DEBT IMPAIRMENT | | |
| | Receivables from exchange transactions | 10 477 | 104 549 |
| | Receivables from non-exchange transactions | 4 243 | 5 244 |
| | Total | 14 720 | 109 793 |
| 32 | DEPRECIATION AND AMORTISATION | | |
| | Property, Plant and Equipment | 3 240 999 | 2 794 830 |
| | Intangible Assets | 75 748 | 75 417 |
| | Capitalised Restoration Cost (PPE) | 352 713 | 383 833 |
| | Total | 3 669 461 | 3 254 079 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|-----------|---|--------------------------|
| 33 | IMPAIRMENT | |
| | 25 099 | - |
| | Capitalised Restoration Cost (PPE) | |
| | <u>25 099</u> | <u>-</u> |
| | Total | |
| | <u><u>25 099</u></u> | <u><u>-</u></u> |
| 34 | ACTUARIAL LOSSES | |
| | 74 960 | - |
| | Long Service Awards | |
| | <u>74 960</u> | <u>-</u> |
| | Total | |
| | <u><u>74 960</u></u> | <u><u>-</u></u> |
| 35 | FINANCE CHARGES | |
| | 40 669 | 56 210 |
| | Annuity Loans | |
| | 365 041 | 439 235 |
| | Finance Lease Liabilities | |
| | 2 117 792 | 2 048 334 |
| | Rehabilitation Provision - Landfill Sites | |
| | 5 092 481 | 4 828 051 |
| | Post Retirement Medical Benefits | |
| | 383 192 | 406 206 |
| | Long Service Awards | |
| | <u>7 999 175</u> | <u>7 778 036</u> |
| | Total | |
| | <u><u>7 999 175</u></u> | <u><u>7 778 036</u></u> |
| 36 | CONTRACTED SERVICES | |
| | 2 208 372 | 3 647 347 |
| | Accounting, Business and Financial Management | |
| | 171 151 | 128 285 |
| | Audit Committee | |
| | 33 846 | 32 109 |
| | Burial Services | |
| | 428 295 | 535 796 |
| | Contractors - Maintenance of Buildings and Facilities | |
| | 1 997 476 | 832 560 |
| | Contractors - Maintenance of Equipment | |
| | 2 161 168 | 2 112 065 |
| | Contractors - Maintenance of Unspecified Assets | |
| | - | 43 559 |
| | Editing and Translating | |
| | 1 947 881 | 595 511 |
| | Fire Services | |
| | 332 490 | 229 675 |
| | Human Resources | |
| | 260 500 | 263 166 |
| | Laboratory Services | |
| | 568 714 | 547 590 |
| | Landfill site operational & maintenance | |
| | 923 028 | 641 813 |
| | Legal Cost | |
| | 52 502 | 3 175 |
| | Occupational Health and Safety | |
| | 1 880 346 | 2 349 011 |
| | Project Management | |
| | 1 091 405 | 469 718 |
| | Security Services | |
| | 459 446 | 361 672 |
| | Other | |
| | <u>14 516 619</u> | <u>12 793 051</u> |
| | Total | |
| | <u><u>14 516 619</u></u> | <u><u>12 793 051</u></u> |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|-------------------|-------------------|
| 37 TRANSFERS AND GRANTS | | |
| Bursaries | 120 000 | 120 000 |
| Total | 120 000 | 120 000 |
| 38 OTHER EXPENDITURE | | |
| Advertising, Publicity and Marketing | 439 510 | 246 520 |
| Audit Fees | 2 534 552 | 2 093 518 |
| Bank Charges, Facility and Card Fees | 118 817 | 110 485 |
| Blades | 555 549 | 481 450 |
| Catering and Refreshments | 50 397 | 178 727 |
| Cleaning materials | 32 465 | 72 115 |
| Entertainment - Mayor | 38 118 | 76 566 |
| Equipment Rental | 3 434 020 | 499 528 |
| Freight Services | 78 019 | 96 373 |
| Fuel Cost | 11 157 030 | 9 860 719 |
| Hire Charges | 270 920 | - |
| Insurance | 682 699 | 506 292 |
| Materials and Small Tools | 29 215 916 | 23 156 011 |
| Management Fee | 7 850 | 6 647 |
| Membership Fees | 1 169 261 | 876 707 |
| Motor Vehicle Licence and Registrations | 88 920 | 34 651 |
| Municipal services | 6 870 695 | 4 919 092 |
| Office rental | 351 344 | 261 855 |
| Oil and Tyres | 1 906 170 | 1 577 059 |
| Printing, Publications and Stationery | 620 226 | 618 923 |
| Resettlement Cost | - | 3 000 |
| Safety clothes | 790 628 | 562 554 |
| Skills development levy | 844 525 | 774 447 |
| Software Licences | 639 697 | - |
| Telephone and Postage | 1 661 718 | 1 470 128 |
| Training and Workshops | 668 215 | 379 589 |
| Travel and subsistence | 397 852 | 328 821 |
| General Expenses | 113 305 | 220 793 |
| Total | 64 738 415 | 49 412 570 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | R | R |
| 39 REPAIRS AND MAINTENANCE | | |
| <p>In the prior year the Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. This view is consistent with the requirements of mSCOA.</p> <p>The following expenditure relating to repairs and maintenance projects, which is more comprehensive than only the expenditure previously allocated to the repairs and maintenance line item, were identified by the the municipality:</p> | | |
| Employee Related Costs | 29 621 965 | 29 965 518 |
| Contracted Services | 5 155 653 | 4 094 672 |
| Other Expenditure | 45 361 289 | 35 027 808 |
| Total | 80 138 907 | 69 087 998 |
| <p>In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:</p> | | |
| Land and Buildings (Including Resorts) | 428 295 | 676 482 |
| Machinery and Equipment | 2 792 002 | 1 474 523 |
| Landfill Site | 568 714 | 547 590 |
| Roads | 71 132 573 | 60 163 147 |
| Vehicles | 5 217 321 | 6 226 255 |
| Total | 80 138 907 | 69 087 998 |
| 40 PRIOR PERIOD ADJUSTMENTS | | 2017 |
| | | R |
| 40.01 INVESTMENT PROPERTY | | |
| Balance Previously Reported | | - |
| Investment Properties incorrectly not accounted for in the records of the municipality - Refer to note 40.03 | | 1 252 950 |
| Restated Balance on 30 June 2017 | | 1 252 950 |
| 40.02 PAYABLES FROM EXCHANGE TRANSACTIONS | | |
| Balance Previously Reported | | 2 034 810 |
| Retentions and Guarantees incorrectly removed from accounting records in prior year. - Refer to note 40.03 | | 1 039 740 |
| Restated Balance on 30 June 2017 | | 3 074 550 |

OVERBERG DISTRICT MUNICIPALITY

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

| 40 | PRIOR PERIOD ADJUSTMENTS (CONTINUED) | 2017 R |
|----|--|--------------------|
| | 40.03 ACCUMULATED SURPLUS | |
| | Balance Previously Reported | 15 177 348 |
| | Prior Period Adjustments up to 30 June 2016 | 213 210 |
| | Retentions and Guarantees incorrectly removed from accounting records in prior year. - Refer to note 40.02 | (1 039 740) |
| | Investment Properties incorrectly not accounted for in the records of the municipality - Refer to note 40.01 | 1 252 950 |
| | Restated Balance on 30 June 2017 | 15 390 558 |
| | 40.04 STATEMENT OF FINANCIAL PERFORMANCE | |
| | Balance Previously Reported | (2 557 201) |
| | Workmens Compensation incorrectly accounted for as Other Expenditure instead of Employee Related Cost | - |
| | Effect on Other Expenditure | 475 226 |
| | Effect on Employee Related Costs | (475 226) |
| | Restated Balance on 30 June 2017 | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|------------------|-------------------|
| 41 NET CASH FROM OPERATING ACTIVITIES | | |
| Net Deficit for the year | (1 470 285) | (2 557 201) |
| Adjusted for: | | |
| Non-Cash Revenue | (6 912 081) | (2 099 583) |
| Contributed Assets | - | (110 752) |
| Actuarial Gains | (5 429 388) | (1 974 597) |
| Reversal of Impairments | - | (14 234) |
| Gain on disposal of Investment Property | (1 482 693) | - |
| Non-Cash Expenditure | 11 395 189 | 10 808 329 |
| Debt Impairment | 14 720 | 109 793 |
| Depreciation and Amortisation | 3 669 461 | 3 254 079 |
| Impairment | 25 099 | - |
| Actuarial losses | 74 960 | - |
| Finance Charges | 7 593 465 | 7 282 591 |
| Stock Adjustments | 482 | 2 144 |
| Loss on disposal of PPE | 17 002 | 159 722 |
| Contributions - Provisions and Employee Benefits | 7 131 200 | 6 746 070 |
| Post Retirement Medical Benefits | 1 521 754 | 1 693 603 |
| Long Service Awards | 349 106 | 361 257 |
| Bonuses | 4 425 305 | 3 963 522 |
| Staff Leave | 835 035 | 727 689 |
| Expenditure - Provisions and Employee Benefits | (7 637 021) | (7 503 600) |
| Post Retirement Medical Benefits | (2 761 958) | (2 634 649) |
| Long Service Awards | (499 713) | (623 574) |
| Bonuses | (4 146 140) | (3 902 665) |
| Staff Leave | (229 210) | (342 712) |
| Other adjustments | (33 092) | (257 826) |
| Bad Debts Written Off | (33 092) | (257 826) |
| Operating Surplus before changes in working capital | 2 473 909 | 5 136 189 |
| Movement in working capital | 6 966 730 | 10 529 449 |
| Receivables from exchange and non-exchange transactions | (599 598) | 4 070 265 |
| Inventory | (37 071) | (241 267) |
| Payables from exchange transactions | 1 745 812 | 808 204 |
| Unspent Conditional Government Grants | 3 934 614 | (2 850 670) |
| Taxes | 1 922 972 | 8 742 916 |
| Cash Flow from Operating Activities | 9 440 638 | 15 665 639 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | R | R |
| 42 CASH AND CASH EQUIVALENTS | | |
| Cash and Cash Equivalents comprise out of the following: | | |
| Primary Bank Account | 8 840 885 | 415 467 |
| Call and Notice Deposits | 27 867 600 | 31 855 758 |
| Cash Floats | 6 900 | 4 900 |
| Total | 36 715 385 | 32 276 125 |

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

43 BUDGET COMPARISONS

43.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions - Service Receivables.

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

Trade and Other Payables incorporates Payable from exchange transactions and Unspent Conditional Government Grants.

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

Statement of financial performance

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

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains, Reversal of Debt Impairment, Reversal of Impairments and Insurance Receipts.

OVERBERG DISTRICT MUNICIPALITY

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

43 BUDGET COMPARISONS (CONTINUED)

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Repairs and Maintenance, Stock Adjustments and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

43.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

| | |
|------------------------------|--|
| Cash | Align budget to 30 June 2017 closing balance |
| Consumer Debtors | Align budget to 30 June 2017 closing balance |
| Other Receivables | Align budget to 30 June 2017 closing balance |
| Inventory | Align budget to 30 June 2017 closing balance |
| Intangible Assets | Align budget to 30 June 2017 closing balance |
| Capitalised Restoration Cost | Align budget to 30 June 2017 closing balance |
| Borrowings | Align budget to 30 June 2017 closing balance |
| Provisions | Align budget to 30 June 2017 closing balance |

Statement of financial position - Budget versus Actual

| | |
|----------------------------------|--|
| Cash | Mainly due to roads advance received from the department |
| Consumer Debtors | Mainly due to Fire Service debtors that was created |
| Capitalised Restoration Cost | Actual discount rate lower than the rate utilised to unwind the provision |
| Provisions and Employee benefits | Actuarial gain due to lower than expected inflation rates applicable to employee provisions. |

Statement of financial performance - Budget Adjustments

| | |
|---|---|
| Rental of facilities and equipment | Higher revenue anticipated after first half of the year |
| Government grants and subsidies - operating | Addition grants received from provincial treasury |
| Gains on disposal of PPE | Property identified to be sold |
| Employee Related | Mainly due to Fire Fighting overtime. Additional positions and own funding EPWP workers budgeted for. |

OVERBERG DISTRICT MUNICIPALITY

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

43 BUDGET COMPARISONS (CONTINUED)

| | |
|---------------------|---|
| Contracted Services | Mainly due to the following: Fire fighting services Maintenance and security services at resorts Additional grants received allocated to contracted services expenditure |
| Other expenditure | Mainly due to the following: Large water consumption account received at Uilenkraalsmond Reshuffle of Roads funds |

Statement of financial performance - Budget versus Actual

| | |
|--|---|
| Rental of facilities and equipment | Collected more than anticipated at resorts. Budgeted conservatively |
| Interest earned - external investments | Received more than anticipated. Budgeted conservatively |
| Agency Fee | Agency fee as in MOA, not calculated. |
| Government grants and subsidies | Mainly due to additional roads grant recognised |
| Other Revenue | Actuarial gains not budgeted for |
| Gains on disposals | Selling of property did not materialise |
| Employee related cost | Limited filling of vacancies |

Cash Flow Statement - Budget Adjustments

| | |
|-----------------------------|---|
| Other Revenue | Higher revenue anticipated after first half of the year for rental of facilities and equipment |
| Government grants | Additional grants received |
| Suppliers and employees | Increase in employee related, contracted services and other expenditure. Refer to explanation under Statement of financial performance - Budget Adjustments |
| Proceeds on disposal of PPE | Properties identified to be sold |
| Capital assets | Fire vehicles required and other small additional capital projects |

Cash Flow Statement - Budget versus Actual

| | |
|-------------------------|--|
| Other revenue | Fire service fee not collected from local municipalities |
| Government grants | Mainly due to roads advance received from the department |
| Interest | Received more than anticipated. Budgeted conservatively |
| Suppliers and Employees | Saving on employee related cost |
| Capital assets | Underspending on capital |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|------------------|-------------|
| 44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE | | |
| 44.1 UNAUTHORISED EXPENDITURE | | |
| Unauthorised expenditure consist out of the following: | | |
| Opening balance | - | 1 717 860 |
| Unauthorised expenditure current year - operating | 1 679 468 | - |
| Unauthorised expenditure current year - capital | 986 072 | - |
| Approved by Council | - | (1 717 860) |
| Unauthorised expenditure awaiting approval | 2 665 541 | - |

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

| | 2018 (Actual) R | 2018 (Final Budget) R | 2018 (Unauthorised) R |
|---|-----------------------|-----------------------------|-----------------------------|
| Unauthorised expenditure - Operating | | | |
| Municipal Manager | 14 970 742 | 14 382 642 | 588 100 |
| Corporate Services | 8 931 082 | 11 021 895 | - |
| Finance | 22 446 710 | 24 125 847 | - |
| Community Services | 142 064 690 | 140 973 322 | 1 091 368 |
| Total | 188 413 224 | 190 503 706 | 1 679 468 |
| Unauthorised expenditure - Capital | | | |
| Municipal Manager | 36 304 | 45 000 | - |
| Corporate Services | 95 225 | 74 300 | 20 925 |
| Finance | 778 897 | 894 100 | - |
| Community Services | 4 421 478 | 3 456 330 | 965 148 |
| Total | 5 331 903 | 4 469 730 | 986 072 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|-----------|-----------|
| 44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED) | | |

44.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

| | | |
|---|----------------|----------|
| Opening balance | - | 1 595 |
| Fruitless and wasteful expenditure incurred | 227 625 | 10 910 |
| Approved by Council | - | (12 505) |
| Fruitless and wasteful expenditure awaiting approval | 227 625 | - |

Details of Fruitless and wasteful expenditure incurred:

| | | |
|---|----------------|---------------|
| Fruitless advert - Bridging Finance | 6 386 | - |
| Cancellation Fee of Accomodation | - | 500 |
| Salary paid to employee no longer employed by ODM | - | 10 410 |
| SARS interest and penalties | 221 239 | - |
| Total | 227 625 | 10 910 |

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

44.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

| | | |
|--|------------------|----------------|
| Opening balance | 557 133 | 946 420 |
| Irregular expenditure incurred | 682 272 | 3 614 690 |
| Approved by Council | (136 085) | (4 003 977) |
| Irregular expenditure awaiting approval | 1 103 320 | 557 133 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|----------------|------------------|
| 44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED) | | |
| Details of Irregular expenditure incurred : | | |
| Up to date Municipal Account of Supplier not obtained | - | 43 000 |
| Supply Chain Process not followed | - | 2 035 379 |
| A director of one supplier is in the service of the state | - | 624 493 |
| No signed MBD4 Forms | - | 120 000 |
| Not registered on Centralised Supplier Database (CSD) | 144 281 | 174 565 |
| Highest points bidder not awarded tender | - | 136 085 |
| Non-compliance with Sec 67(1) of Municipal Systems Act | - | 481 168 |
| Irregular expenditure on deviation | 99 166 | - |
| Actual Expenditure exceed quoted amount | 11 480 | - |
| Expenditure for which no quotes were obtained | 16 720 | - |
| Award made before a valid tax clearance certificate was obtained | 410 625 | - |
| Total | 682 272 | 3 614 690 |

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

The root cause that resulted in irregular expenditure due to a supplier not being registered on Centralised Supplier Database (CSD) differed from the prior year and was not the result of a breakdown in controls.

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Salga Contributions [MFMA 125 (1)(b)]

| | | |
|----------------------------|------------------|------------------|
| Opening balance | (862 508) | (584 654) |
| Expenditure incurred | 1 078 165 | 872 156 |
| Payments | (809 915) | (1 150 010) |
| Payments in advance | (594 258) | (862 508) |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|--------------------|------------------|
| 45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT | | |
| 45.2 Audit Fees [MFMA 125 (1)(c)] | | |
| Opening balance | - | - |
| Expenditure incurred | 2 534 552 | 2 093 518 |
| External Audit - Auditor-General | 2 534 552 | 2 093 518 |
| Payments | (2 534 552) | (2 093 518) |
| Outstanding Balance | - | - |
| 45.2 VAT [MFMA 125 (1)(c)] | | |
| Opening balance | 1 689 787 | 149 376 |
| Amounts received during the year | (7 346 383) | (13 027 950) |
| Amounts paid during the year | - | 50 499 |
| Amounts claimed - current year | 7 944 639 | 14 568 361 |
| Amounts payable - current year | (508 200) | (50 499) |
| Outstanding Balance | 1 779 843 | 1 689 787 |
| Vat in suspense due to cash basis of accounting | (1 075 653) | 937 375 |
| <p>VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.</p> | | |
| 45.3 PAYE, SDL and UIF [MFMA 125 (1)(c)] | | |
| Payments due to SARS | 13 814 482 | 12 234 197 |
| Payments | (13 814 482) | (12 234 197) |
| Outstanding Balance | - | - |
| 45.4 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)] | | |
| Payments due to pension fund and medical aid | 20 666 643 | 18 856 877 |
| Payments | (20 666 643) | (18 856 877) |
| Outstanding Balance | - | - |
| 45.5 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)] | | |
| <p>No Councillor had any arrear account outstanding for more than 90 days during the year or at year end (Same applies to previous financial year).</p> | | |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 R | 2017 R |
|---|------------------|------------------|
| 45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED) | | |
| 45.6 QUOTATIONS AWARDED - DEVIATIONS FROM SCM | | |
| Approved deviations from Supply Chain Management Regulations were identified on the following financial categories: | | |
| Between R 0 and R 2 000 | - | - |
| Between R 2 000 and R 10 000 | 323 389 | 230 836 |
| Between R 10 000 and R 30 000 | 770 541 | 390 626 |
| Between R 30 000 and R 200 000 | 1 503 470 | 817 211 |
| Above R 200 000 | 1 142 369 | 251 947 |
| Total | 3 739 769 | 1 690 620 |

Deviations by Nature:

| | | |
|------------------|------------------|------------------|
| Sole Supplier | 972 001 | 819 942 |
| Emergency | 563 105 | 442 376 |
| Exceptional Case | 2 204 663 | 428 302 |
| Total | 3 739 769 | 1 690 620 |

45.7 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the year under review, the municipality engaged with the following entities where family members of suppliers are in service of the state (SCM 45)

| <u>Supplier</u> | <u>Relationship</u> | | |
|--|--|---------|---------|
| Premium Computers (Candice Eksteen) | Father works at Denel. Fathers name not given. | 115 985 | 133 272 |
| J A Hopley (J A Hopley) | Daughter works for ODM. Regina Mintoor | - | 2 900 |
| Marshall Amature Winding (Cornelis Janse Norval and Gert Andries Koelenberg) | Me. M Koegelenberg Councillor TWK Municipality and Me J Pretorius TWK Municipality Daughter of CJ Norval | - | 9 851 |

OVERBERG DISTRICT MUNICIPALITY

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

2018
R

2017
R

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

| | | | |
|--|--|-----------|-----------|
| Easy Mix (Arthur Carelse) | Helena De Jager works at Cape Agulhas Municipality | 5 013 173 | 5 865 787 |
| Boland Valuers (Johann Cristoffel Groenewald) | Me. E Groenewald is a Part Time Councillor at Stellenbosch Municipality | 1 995 | 1 995 |
| Soetmuis Agtien CC (Florence Pieterse) | Spouse Is a member of the Audit Committee at Cape Agulhas Municipality | 153 273 | 170 337 |
| LVR Security Services (Leon Vosloo) | CJM Vosloo (spouse) Is the Mayor at TWK Municipality, C Vosloo (daughter) Temporary Admin Clerk at TWK Municipality | 101 806 | 77 532 |
| Mubesko Africa (Hendri Niehaus) | Wife Janine Niehaus is a dietician at Northern Cape Department of Health | 281 934 | 161 530 |
| Altimax (Annalien Carstens and Erna Verryne Joubert) | Director's Spouse working at the Department of Higher Education and Training. Shareholder's Parent working at the Department of Social Development. Shareholder's Spouse is a pilot at Mango Soc Ltd | 346 743 | 2 164 673 |
| Safetech (Elizma Goltz) | Husband works for Melkbos Fire Station | - | 13 634 |
| Undercover | Spouse is the CEO at Denel Overberg Test Range | 2 486 | - |

OVERBERG DISTRICT MUNICIPALITY

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

2018
R

2017
R

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

| | | | |
|---|---|------------------|------------------|
| S'Cees (Esmaralda Dreyer) | Neville Dreyer works at Health Department Hermanus ODM | 1 965 | - |
| Water Solutions Southern Africa (Pty) Ltd | The Non-Executive Director's spouse work at Ekurhuleni Metro Municipality as an Administrative Officer. | 142 608 | - |
| Bredasdorp Square | Child is Councillor at Cape Agulhas Municipality | 1 150 | - |
| Metsy Motors | Owner's spouse works at the Department of Educations and child works at the Department of | 151 228 | - |
| Total | | 6 314 345 | 8 601 511 |

46 **CAPITAL COMMITMENTS**

ODM appointed a consulting engineer and service provider for the construction of Cell 4 at Karwyderskraal regional landfill site. Construction cost is estimated at R 19 863 478 (VAT Exclusive). Consulting Engineering fees is estimated at R 2 526 838 (VAT Exclusive) for 2018/2019.

OVERBERG DISTRICT MUNICIPALITY

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

47 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

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

47.1 Credit Risk

The following financial assets are exposed to credit risk:

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | R | R |
| Cash and Cash Equivalents | 36 715 385 | 32 276 125 |
| Receivables from exchange transactions | 2 800 314 | 2 112 461 |
| Receivables from non-exchange transactions | 316 234 | 386 117 |
| Total | 39 831 934 | 34 774 703 |

Cash and Cash Equivalents

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

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

Receivables from Exchange Transactions

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

Refer to notes 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 and 4 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

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

Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

47.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

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

47.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

| | 2018 R | 2017 R |
|--|-------------------|------------------|
| Cash and Cash Equivalents (Excluding Cash on Hand) | 36 708 485 | 32 271 225 |
| Long-term Liabilities (Including Current Portion) | (2 814 269) | (4 020 437) |
| Non-Current Provisions (Including Current Portion) | (21 330 616) | (20 764 061) |
| Net balance exposed | 12 563 600 | 7 486 727 |

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

OVERBERG DISTRICT MUNICIPALITY

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

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

| | | |
|---|-----------|----------|
| 0.5% (2017 - 0.5%) increase in interest rates | 62 818 | 37 434 |
| 1% (2017 - 1%) decrease in interest rates | (125 636) | (74 867) |

South Africa have reached the turning point in the rates cycle and any further upward adjustments are remote.

47.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

| 30 JUNE 2018 | Within 1 Year | PAYABLE Two to five years | After five years |
|---------------------------------------|----------------------|--------------------------------------|-------------------------|
| Annuity Loans | 216 873 | 108 436 | - |
| Finance Lease Liabilities | 2 558 389 | 156 800 | - |
| Rehabilitation Provision | - | - | 210 100 866 |
| Payables from exchange transactions | 4 196 269 | - | - |
| Unspent Conditional Government Grants | 12 904 812 | - | - |
| Total | 19 876 342 | 265 236 | 210 100 866 |

OVERBERG DISTRICT MUNICIPALITY

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

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

| 30 JUNE 2017 | PAYABLE | | |
|---------------------------------------|-------------------|-------------------|--------------------|
| | Within 1 Year | Two to five years | After five years |
| Annuity Loans | 216 873 | 325 309 | - |
| Finance Lease Liabilities | 1 386 868 | 2 720 401 | - |
| Rehabilitation Provision | - | - | 251 981 841 |
| Payables from exchange transactions | 2 480 229 | - | - |
| Unspent Conditional Government Grants | 8 970 198 | - | - |
| Total | 13 054 167 | 3 045 710 | 251 981 841 |

Although the rehabilitation provision and the unspent conditional government grant is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

47.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

48 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

| | | |
|--|-------------------|-------------------|
| Cash and Cash Equivalents | 36 715 385 | 32 276 125 |
| Receivables from exchange transactions | 2 206 056 | 1 249 954 |
| Receivables from non-exchange transactions | 316 234 | 386 117 |
| Total | 39 237 676 | 33 912 196 |

OVERBERG DISTRICT MUNICIPALITY

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

| | 2018 | 2017 |
|---|------------------|------------------|
| | R | R |
| 48 FINANCIAL INSTRUMENTS (CONTINUED) | | |
| <u>Financial Liabilities</u> | | |
| Current Portion of Long-term Liabilities | 2 556 280 | 1 205 774 |
| Payables from exchange transactions | 4 196 269 | 2 480 229 |
| Long-term Liabilities | 257 989 | 2 814 663 |
| Total | 7 010 538 | 6 500 666 |

49 STATUTORY RECEIVABLES

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

Taxes

| | | |
|----------------|----------------|------------------|
| VAT Receivable | 704 190 | 2 627 162 |
| Total | 704 190 | 2 627 162 |

50 EVENTS AFTER REPORTING DATE

On 6 July 2018 a Service Level agreement was entered into between Overberg District Municipality, Theewaterskloof Municipality and Overstrand Municipality.

Overberg District Municipality is the owner of portion 79 on the farm Afdakrivier, known as Karwyderskraal on which it operates a regional waste disposal site. As per Service Level Agreement, Overstrand, Theewaterskloof and Third Parties will make use of the solid waste disposal site.

Construction of a fourth cell on portion 79 of Karwyderskraal commenced in July 2018. In order to fund this project, Overberg is in the process (Section 46 of the MFMA) of taking up a long term loan. Total cost of the project is estimated at R 28 392 514. The cost to be incurred as benefits to be received and is considered material to the operations of the Municipality.

This project is also expected to raise the required funds to contribute significantly towards the eventual settlement of the landfill site rehabilitation provision when it becomes due and payable in the future.

51 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following services in kind:

National Treasury has provided support to the municipality under the MFIP II programme by deploying an advisor to the municipality (2017 financial year only).

OVERBERG DISTRICT MUNICIPALITY

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

51 IN-KIND DONATIONS AND ASSISTANCE (CONTINUED)

The Municipality is providing a project service to Community Development Workers in the Swellendam Municipal area. The project leads deployed in the district are remunerated by the Western Cape Provincial Administration.

The National Department of Environmental Affairs is providing the Municipality with the Working of Fire Team, a helicopter for fire fighting and the Working for the Coast team for the clearing of Alien vegetation.

The Municipality is operation resorts (Uilenkraalsmond and Dennehof) on land owned by the National Department of Public Works.

None of the abovementioned is considered significant to the operations of the Municipality

52 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

53 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

53.1 On 22 October 2014 a settlement agreement between the municipality and IMATU that the target date for implementation of job descriptions and review of organisational structures would be 1 April 2015. In the event of delays the final date for implementation would be 1 May 2015. At year end the abovementioned was partially finalised.

53.2 A child (Esau) was injured at Babbel & Krabbel 6 Long Street Bredasdorp during 2008 and a settlement agreement was paid by the mentioned school (Babbel & Krabbel), amounting to R 800 000.

The parents however seek further legal assistance and was advised to sue the Department Social Development for cost (at this stage R4.5 million) due to the injury of their daughter.

The Department of Social Development added the Overberg District Municipality as a liable party due to the fact that the municipality performed a health inspection and accordingly cleared the premises at 6 Long Street Bredasdorp.

54 RELATED PARTIES

Related parties are defined in note 1.34

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

All 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.

Remuneration of Key Personnel and Councillors are disclosed in notes 29 and 30

No purchases were made during the year where Councillors, Management or Employees have an interest.

OVERBERG DISTRICT MUNICIPALITY

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

55 NATIONAL TREASURY APPROPRIATION STATEMENT

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATED OUTCOME 2017 R |
|---------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| Financial Performance | | | | | | |
| Service charges | 550 000 | - | 550 000 | 74 753 | (475 247) | 801 442 |
| Investment revenue | 1 400 000 | - | 1 400 000 | 2 936 533 | 1 536 533 | 2 311 483 |
| Government Grants and Subsidies - | | | | | | |
| Operating | 142 798 790 | 1 555 129 | 144 353 919 | 146 536 967 | 2 183 048 | 127 560 743 |
| Other own revenue | 27 835 002 | 4 054 380 | 31 889 382 | 36 521 687 | 4 632 305 | 26 326 780 |
| Total Operating Revenue | 172 583 792 | 5 609 509 | 178 193 301 | 186 069 940 | 7 876 639 | 157 000 448 |
| Employee costs | 97 323 673 | (924 959) | 96 398 714 | 91 112 721 | (5 285 993) | 83 192 512 |
| Remuneration of councillors | 5 460 519 | 301 639 | 5 762 158 | 6 141 571 | 379 413 | 5 149 566 |
| Debt impairment | - | - | - | 14 720 | 14 720 | 109 793 |
| Depreciation & asset impairment | 3 101 295 | 803 | 3 102 098 | 3 694 560 | 592 462 | 3 254 079 |
| Finance charges | 5 334 944 | 15 000 | 5 349 944 | 7 999 175 | 2 649 231 | 7 778 036 |
| Transfers and grants | - | 10 | 10 | 120 000 | 119 990 | 120 000 |
| Other expenditure and materials | 68 991 452 | 10 899 330 | 79 890 782 | 79 347 478 | (543 304) | 62 367 488 |
| Total Expenditure | 180 211 883 | 10 291 823 | 190 503 706 | 188 430 226 | (2 073 480) | 161 971 474 |
| Surplus/(Deficit) | (7 628 091) | (4 682 314) | (12 310 405) | (2 360 285) | 9 950 120 | (4 971 026) |
| Government Grants and Subsidies - | | | | | | |
| Capital | 800 000 | 160 000 | 960 000 | 890 000 | (70 000) | 2 303 073 |
| Contributed Assets | - | - | - | - | - | 110 752 |
| Surplus/(Deficit) for the year | (6 828 091) | (4 522 314) | (11 350 405) | (1 470 285) | 9 880 120 | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

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

55 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATED OUTCOME 2017 R |
|--|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| Capital expenditure & funds sources | | | | | | |
| Capital expenditure | 1 220 800 | 3 248 930 | 4 469 730 | 5 331 903 | 862 173 | 6 781 511 |
| Transfers recognised - capital | 800 000 | 160 000 | 960 000 | 890 000 | (70 000) | 2 303 073 |
| Contributed Assets | - | - | - | - | - | 110 752 |
| Borrowing | - | - | - | - | - | 2 074 306 |
| Internally generated funds | 420 800 | 3 088 930 | 3 509 730 | 4 441 903 | 932 173 | 2 293 380 |
| Total sources of capital funds | 1 220 800 | 3 248 930 | 4 469 730 | 5 331 903 | 862 173 | 6 781 511 |
| Cash flows | | | | | | |
| Net cash from (used) operating | 3 110 394 | (9 082 280) | (5 971 886) | 9 440 638 | 15 412 524 | 15 665 639 |
| Net cash from (used) investing | (1 220 800) | (633 650) | (1 854 450) | (3 795 210) | (1 940 760) | (4 596 453) |
| Net cash from (used) financing | (907 368) | 31 165 | (876 203) | (1 206 167) | (329 964) | (1 169 425) |
| Net Cash Movement for the year | 982 227 | (9 684 766) | (8 702 539) | 4 439 261 | 13 141 800 | 9 899 761 |
| Cash/cash equivalents at beginning of year | 17 029 360 | 15 246 765 | 32 276 125 | 32 276 125 | - | 22 376 364 |
| Cash/cash equivalents at the year end | 18 011 586 | 5 562 000 | 23 573 586 | 36 715 386 | 13 141 800 | 32 276 125 |

Refer to Appendix E for more detail relating to the National Treasury Appropriation Statements

OVERBERG DISTRICT MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018

| INSTITUTION | RATE | REDEMPTION DATE | OPENING BALANCE 1 JULY 2017 R | RECEIVED DURING YEAR R | REDEEMED DURING YEAR R | CLOSING BALANCE 30 JUNE 2018 R |
|---|----------------|-----------------|-------------------------------------|---------------------------|---------------------------|--------------------------------------|
| <u>ANNUITY LOANS</u> | | | | | | |
| INCA | 9.45% | 2019/12/31 | 472 957 | - | (176 204) | 296 754 |
| Total Annuity Loans | | | 472 957 | - | (176 204) | 296 754 |
| <u>FINANCE LEASE LIABILITIES</u> | | | | | | |
| Avis (Vehicles) | 10.03% -17.49% | 2019/04/30 | 1 968 375 | - | (354 853) | 1 613 521 |
| Nashua (Copiers) | 10.50% | 2019/09/30 | 1 579 105 | - | (675 110) | 903 994 |
| Total Finance Lease Liabilities | | | 3 547 479 | - | (1 029 964) | 2 517 516 |
| Total Long-Term Liabilities | | | 4 020 437 | - | (1 206 167) | 2 814 269 |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2018

| MUNICIPAL VOTES | 30 JUNE 2018 | | | 30 JUNE 2017 | | |
|--------------------------------|--------------------|----------------------|-----------------------|--------------------|----------------------|-----------------------|
| | REVENUE | EXPENDITURE | SURPLUS/ (DEFICIT) | REVENUE | EXPENDITURE | SURPLUS/ (DEFICIT) |
| | R | R | R | R | R | R |
| Municipal Manager | 11 402 457 | (14 970 742) | (3 568 285) | 8 604 952 | (12 872 692) | (4 267 741) |
| Management Services | - | (17 002) | (17 002) | 64 772 196 | (31 215 651) | 33 556 545 |
| Community & Technical Services | - | - | - | 86 037 125 | (117 883 130) | (31 846 005) |
| Corporate Services | 27 691 | (8 931 082) | (8 903 391) | - | - | - |
| Finance | 70 306 038 | (22 446 710) | 47 859 329 | - | - | - |
| Community Services | 105 223 754 | (142 064 690) | (36 840 937) | - | - | - |
| Total | 186 959 940 | (188 430 226) | (1 470 285) | 159 414 273 | (161 971 474) | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2018

| GFS CLASSIFICATION | 30 JUNE 2018 | | | 30 JUNE 2017 | | |
|----------------------------|--------------------|----------------------|-----------------------|--------------------|----------------------|-----------------------|
| | REVENUE | EXPENDITURE | SURPLUS/ (DEFICIT) | REVENUE | EXPENDITURE | SURPLUS/ (DEFICIT) |
| | R | R | R | R | R | R |
| Executive and Council | 10 870 976 | (11 623 733) | (752 757) | 8 604 952 | (12 872 692) | (4 267 741) |
| Corporate Services | - | - | - | 47 528 | (7 046 012) | (6 998 484) |
| Internal audit | - | (1 136 628) | (1 136 628) | - | - | - |
| Budget and Treasury Office | - | - | - | 64 586 318 | (22 549 842) | 42 036 476 |
| Finance and administration | 70 865 210 | (32 594 474) | 38 270 736 | - | - | - |
| Planning and Development | - | (1 085 778) | (1 085 778) | - | (1 474 820) | (1 474 820) |
| Public Safety | 2 590 665 | (25 748 236) | (23 157 571) | 1 175 628 | (20 523 666) | (19 348 039) |
| Environmental Protection | 27 860 | (2 071 637) | (2 043 777) | 199 776 | (13 634 426) | (13 434 651) |
| Waste Management | 67 500 | (2 918 535) | (2 851 035) | 740 077 | (3 314 903) | (2 574 827) |
| Sport and Recreation | 15 842 924 | (17 574 153) | (1 731 228) | 13 530 531 | (13 451 861) | 78 670 |
| Health | 489 751 | (12 401 247) | (11 911 496) | 138 350 | (151 030) | (12 680) |
| Road Transport | 86 205 053 | (81 275 806) | 4 929 247 | 70 391 114 | (66 952 221) | 3 438 893 |
| Total | 186 959 940 | (188 430 226) | (1 470 285) | 159 414 273 | (161 971 474) | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2018

| MUNICIPAL DEPARTMENTS | 30 JUNE 2018 | | | 30 JUNE 2017 | | |
|---|--------------|--------------|-----------------------|--------------|--------------|-----------------------|
| | REVENUE | EXPENDITURE | SURPLUS/ (DEFICIT) | REVENUE | EXPENDITURE | SURPLUS/ (DEFICIT) |
| | R | R | R | R | R | R |
| Administration | - | - | - | - | (3 008 444) | (3 008 444) |
| Buildings | - | - | - | 47 528 | (1 000 825) | (953 296) |
| Committee, Records & Councillor Support | - | (2 032 630) | (2 032 630) | - | - | - |
| Community Services Support | - | (3 114) | (3 114) | - | - | - |
| Comprehensive Health | 163 870 | (164 839) | (969) | 138 350 | (151 030) | (12 680) |
| Corporate Support | 27 691 | (1 742 992) | (1 715 301) | - | - | - |
| Council Expenditure | 10 870 976 | (8 380 370) | 2 490 606 | 8 114 737 | (6 911 239) | 1 203 498 |
| Die Dam | - | - | - | 1 917 547 | (2 698 266) | (780 719) |
| Donations | - | - | - | 3 200 | - | 3 200 |
| Emergency Services | 2 590 665 | (25 748 236) | (23 157 571) | - | - | - |
| Engineering Services | - | - | - | - | (6 053) | (6 053) |
| Environmental Management | 27 860 | (2 071 637) | (2 043 777) | 18 525 | (1 830 432) | (1 811 907) |
| Executive (Community Services) | - | (71 963) | (71 963) | - | - | - |
| Executive (Corporate Services) | - | (604 405) | (604 405) | - | - | - |
| Executive (Finance) | - | (615 802) | (615 802) | - | - | - |
| Executive (Municipal Manager) | - | (1 948 079) | (1 948 079) | - | - | - |
| Executive Services | - | - | - | - | (2 733 360) | (2 733 360) |
| Executive Support | - | (1 084 247) | (1 084 247) | - | - | - |
| Expenditure | 23 911 | (2 769 480) | (2 745 569) | - | - | - |
| Finance Income Exp & It | - | - | - | 1 346 | (4 867 981) | (4 866 635) |
| Financial Services | 70 143 954 | (16 050 766) | 54 093 188 | 64 584 972 | (16 029 938) | 48 555 034 |
| Financial Support | - | (95 176) | (95 176) | - | - | - |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2018

| | | | | | | |
|-------------------------------|--------------------|----------------------|--------------------|--------------------|----------------------|--------------------|
| Fire Brigade | - | - | - | 1 175 628 | (20 523 666) | (19 348 039) |
| Human Resources | - | (1 923 945) | (1 923 945) | - | (1 750 815) | (1 750 815) |
| IDP & Communication | - | (1 085 778) | (1 085 778) | - | - | - |
| Information Services | - | (2 627 110) | (2 627 110) | - | - | - |
| Internal Audit | - | (1 136 628) | (1 136 628) | - | (1 117 966) | (1 117 966) |
| Led, Tourism, Resorts & EPWP | 15 842 924 | (17 562 653) | (1 719 728) | - | - | - |
| Management Support | - | - | - | - | (1 487 490) | (1 487 490) |
| Municipal Health | 325 881 | (12 236 408) | (11 910 527) | 181 251 | (11 803 995) | (11 622 744) |
| Outspans & Public Places | - | - | - | - | - | - |
| Performance & Risk Management | 531 481 | (1 335 640) | (804 159) | - | - | - |
| Performance Management | - | - | - | - | (549 991) | (549 991) |
| Planning Services | - | - | - | - | (1 468 767) | (1 468 767) |
| Revenue | 138 173 | (1 173 782) | (1 035 609) | - | - | - |
| Shared Services | - | - | - | 487 015 | (622 638) | (135 623) |
| Solid Waste | 67 500 | (2 918 535) | (2 851 035) | 740 077 | (3 314 903) | (2 574 827) |
| Supply Chain Management | - | (1 758 706) | (1 758 706) | - | (1 651 923) | (1 651 923) |
| Support Services | - | - | - | - | (735 937) | (735 937) |
| Uilenkraalsmond | - | (11 500) | (11 500) | 11 612 984 | (10 753 594) | 859 390 |
| Roads Function | 86 205 053 | (81 275 806) | 4 929 247 | 70 391 114 | (66 952 221) | 3 438 893 |
| Total | 186 959 940 | (188 430 226) | (1 470 285) | 159 414 273 | (161 971 474) | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX D (UNAUDITED)

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

| | OPENING BALANCE | GRANTS RECEIVED | TRANSFERRED TO REVENUE (OPERATING) | TRANSFERRED TO REVENUE (CAPITAL) | CLOSING BALANCE |
|--|--------------------|--------------------|--|--|--------------------|
| | R | R | R | R | R |
| NATIONAL GOVERNMENT | | | | | |
| Equitable Share | - | 57 286 000 | (57 286 000) | - | - |
| Financial Management Grant (FMG) | - | 1 250 000 | (1 250 000) | - | - |
| Expanded Public Works Program (EPWP) | - | 1 142 000 | (1 142 000) | - | - |
| Rural Roads Asset Management System | - | 2 643 000 | (2 280 455) | - | 362 545 |
| Total | - | 62 321 000 | (61 958 455) | - | 362 545 |
| PROVINCIAL GOVERNMENT AND OTHER | | | | | |
| mSCOA Support Grant | - | 280 000 | (280 000) | - | - |
| SETA Training Fund | 87 066 | 137 348 | (146 337) | - | 78 078 |
| Road Subsidy | 7 215 129 | 86 637 363 | (83 136 878) | - | 10 715 613 |
| Asset Management Grant | 800 000 | - | (135 361) | - | 664 639 |
| Municipal Finance Management Internship Programme | 400 000 | - | (229 296) | - | 170 704 |
| Health Subsidy | - | 163 870 | (163 870) | - | - |
| Greenest Municipality Competition | - | 70 000 | (70 000) | - | - |
| CDW Operational Support Grant | 30 846 | 56 000 | (24 912) | - | 61 934 |
| Local Government Graduate Internship Grant | 44 852 | 66 000 | (65 290) | - | 45 561 |
| Human Capacity Building Grant | - | 240 000 | (120 000) | - | 120 000 |
| Municipal Service Delivery and Capacity Building Grant | 392 305 | - | (206 568) | - | 185 737 |
| Municipal Finance Improvement Program - Resorts | - | 500 000 | - | - | 500 000 |
| Fire Service Capacity Building Grant | - | 800 000 | - | (800 000) | - |
| Disaster Management | - | 90 000 | - | (90 000) | - |
| Total | 8 970 198 | 89 040 581 | (84 578 513) | (890 000) | 12 542 266 |
| ALL SPHERES GOVERNMENT | 8 970 198 | 151 361 581 | (146 536 968) | (890 000) | 12 904 811 |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATE D OUTCOME 2017 R |
|--|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|--------------------------------------|
| REVENUE | | | | | | |
| Governance and administration | 73 815 280 | 5 130 283 | 78 945 563 | 81 736 186 | 2 790 623 | 73 238 798 |
| Executive and Council | 8 532 808 | 2 615 280 | 11 148 088 | 10 870 976 | (277 112) | 8 604 952 |
| Finance and administration | 65 282 472 | 2 515 003 | 67 797 475 | 70 865 210 | 3 067 735 | - |
| Internal audit | - | - | - | - | - | - |
| Budget and treasury office | - | - | - | - | - | 64 586 318 |
| Corporate services | - | - | - | - | - | 47 528 |
| Community and public safety | 18 972 762 | 639 226 | 19 611 988 | 18 923 341 | (688 647) | 14 844 508 |
| Sport and recreation | 14 554 692 | 1 439 100 | 15 993 792 | 15 842 924 | (150 868) | 13 530 531 |
| Public safety | 4 147 000 | (800 000) | 3 347 000 | 2 590 665 | (756 335) | 1 175 628 |
| Health | 271 070 | 126 | 271 196 | 489 751 | 218 555 | 138 350 |
| Economic and environmental services | 80 045 750 | - | 80 045 750 | 86 232 913 | 6 187 163 | 70 590 890 |
| Road transport | 79 945 750 | - | 79 945 750 | 86 205 053 | 6 259 303 | 70 391 114 |
| Environmental protection | 100 000 | - | 100 000 | 27 860 | (72 140) | 199 776 |
| Trading services | 550 000 | - | 550 000 | 67 500 | (482 500) | 740 077 |
| Waste management | 550 000 | - | 550 000 | 67 500 | (482 500) | 740 077 |
| Total Revenue - Standard | 173 383 792 | 5 769 509 | 179 153 301 | 186 959 940 | 7 806 639 | 159 414 273 |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATE D OUTCOME 2017 R |
|--|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| EXPENDITURE | | | | | | |
| Governance and administration | 42 732 404 | 5 821 031 | 48 553 435 | 45 354 835 | (3 198 600) | 42 468 546 |
| Executive and Council | 9 968 232 | 758 524 | 10 726 756 | 11 623 733 | 896 977 | 12 872 692 |
| Finance and administration | 31 606 964 | 5 035 905 | 36 642 869 | 32 594 474 | (4 048 395) | - |
| Internal audit | 1 157 208 | 26 602 | 1 183 810 | 1 136 628 | (47 182) | - |
| Budget and treasury office | - | - | - | - | - | 22 549 842 |
| Corporate services | - | - | - | - | - | 7 046 012 |
| Community and public safety | 50 261 558 | 4 752 034 | 55 013 592 | 55 723 636 | 710 044 | 34 126 557 |
| Sport and recreation | 12 947 484 | 2 955 824 | 15 903 308 | 17 574 153 | 1 670 845 | 13 451 861 |
| Public safety | 23 687 754 | 2 399 711 | 26 087 465 | 25 748 236 | (339 229) | 20 523 666 |
| Health | 13 626 320 | (603 501) | 13 022 819 | 12 401 247 | (621 572) | 151 030 |
| Economic and environmental services | 84 025 808 | (240 121) | 83 785 687 | 84 433 220 | 647 533 | 82 061 468 |
| Planning and development | 1 713 311 | (346 323) | 1 366 988 | 1 085 778 | (281 210) | 1 474 820 |
| Road transport | 79 945 750 | - | 79 945 750 | 81 275 806 | 1 330 056 | 66 952 221 |
| Environmental protection | 2 366 747 | 106 202 | 2 472 949 | 2 071 637 | (401 312) | 13 634 426 |
| Trading services | 3 192 113 | (41 121) | 3 150 992 | 2 918 535 | (232 457) | 3 314 903 |
| Waste management | 3 192 113 | (41 121) | 3 150 992 | 2 918 535 | (232 457) | 3 314 903 |
| Total Expenditure - Standard | 180 211 883 | 10 291 823 | 190 503 706 | 188 430 226 | (2 073 480) | 161 971 474 |
| Surplus/(Deficit) for the year | (6 828 091) | (4 522 314) | (11 350 405) | (1 470 285) | 9 880 120 | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATE D OUTCOME 2017 R |
|---------------------------------------|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| REVENUE | | | | | | |
| Municipal Manager | 9 622 250 | 2 615 280 | 12 237 530 | 11 402 457 | (835 073) | 8 604 952 |
| Corporate Services | 23 530 | - | 23 530 | 27 691 | 4 161 | - |
| Finance | 64 969 500 | 1 715 003 | 66 684 503 | 70 306 038 | 3 621 535 | - |
| Community Services | 98 768 512 | 1 439 226 | 100 207 738 | 105 223 754 | 5 016 016 | - |
| Management Services | - | - | - | - | - | 64 772 196 |
| Community & Technical Services | - | - | - | - | - | 86 037 125 |
| Total Revenue by Vote | 173 383 792 | 5 769 509 | 179 153 301 | 186 959 940 | 7 806 639 | 159 414 273 |
| EXPENDITURE | | | | | | |
| Municipal Manager | 14 354 113 | 28 529 | 14 382 642 | 14 970 742 | 588 100 | 12 872 692 |
| Corporate Services | 9 654 325 | 1 367 570 | 11 021 895 | 8 931 082 | (2 090 813) | - |
| Finance | 19 401 700 | 4 724 147 | 24 125 847 | 22 446 710 | (1 679 137) | - |
| Community Services | 136 801 745 | 4 171 577 | 140 973 322 | 142 064 690 | 1 091 368 | - |
| Management Services | - | - | - | 17 002 | 17 002 | 31 215 651 |
| Community & Technical Services | - | - | - | - | - | 117 883 130 |
| Total Expenditure by Vote | 180 211 883 | 10 291 823 | 190 503 706 | 188 430 226 | (2 073 480) | 161 971 474 |
| Surplus/(Deficit) for the year | (6 828 091) | (4 522 314) | (11 350 405) | (1 470 285) | 9 880 120 | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATED OUTCOME 2017 R |
|--|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| REVENUE BY SOURCE | | | | | | |
| Service charges | 550 000 | - | 550 000 | 74 753 | (475 247) | 801 442 |
| Rental of facilities and equipment | 10 744 494 | 1 439 099 | 12 183 593 | 15 737 164 | 3 553 571 | 13 256 736 |
| Interest earned - external investments | 1 400 000 | - | 1 400 000 | 2 936 533 | 1 536 533 | 2 311 483 |
| Interest earned - outstanding debtors | 100 | - | 100 | - | (100) | - |
| Licences and permits | 127 680 | - | 127 680 | 325 881 | 198 201 | 171 491 |
| Agency services | 8 400 658 | - | 8 400 658 | 9 388 283 | 987 625 | 8 114 737 |
| Government Grants and Subsidies - Operating | 142 798 790 | 1 555 129 | 144 353 919 | 146 536 967 | 2 183 048 | 127 560 743 |
| Other revenue | 8 562 070 | 1 | 8 562 071 | 9 587 665 | 1 025 594 | 4 783 817 |
| Gains on disposal of PPE | - | 2 615 280 | 2 615 280 | 1 482 693 | (1 132 587) | - |
| Total Revenue (excluding capital transfers and contributions) | 172 583 792 | 5 609 509 | 178 193 301 | 186 069 940 | 7 876 639 | 157 000 448 |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATED OUTCOME 2017 R |
|---|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| EXPENDITURE BY TYPE | | | | | | |
| Employee related costs | 97 323 673 | (924 959) | 96 398 714 | 91 112 721 | (5 285 993) | 83 192 512 |
| Remuneration of councillors | 5 460 519 | 301 639 | 5 762 158 | 6 141 571 | 379 413 | 5 149 566 |
| Debt impairment | - | - | - | 14 720 | 14 720 | 109 793 |
| Depreciation & asset impairment | 3 101 295 | 803 | 3 102 098 | 3 694 560 | 592 462 | 3 254 079 |
| Finance charges | 5 334 944 | 15 000 | 5 349 944 | 7 999 175 | 2 649 231 | 7 778 036 |
| Contracted services | 12 018 740 | 6 100 849 | 18 119 589 | 14 516 619 | (3 602 970) | 12 793 051 |
| Transfers and grants | - | 10 | 10 | 120 000 | 119 990 | 120 000 |
| Other Expenditure and Materials | 56 972 712 | 4 798 481 | 61 771 193 | 64 813 857 | 3 042 664 | 49 414 714 |
| Loss on disposal of PPE | - | - | - | 17 002 | 17 002 | 159 722 |
| Total Expenditure | 180 211 883 | 10 291 823 | 190 503 706 | 188 430 226 | (2 073 480) | 161 971 474 |
| Surplus/(Deficit) | (7 628 091) | (4 682 314) | (12 310 405) | (2 360 285) | 9 950 120 | (4 971 026) |
| Government Grants and Subsidies - Capital | 800 000 | 160 000 | 960 000 | 890 000 | (70 000) | 2 303 073 |
| Contributed Assets | - | - | - | - | - | 110 752 |
| Surplus/(Deficit) for the year | (6 828 091) | (4 522 314) | (11 350 405) | (1 470 285) | 9 880 120 | (2 557 201) |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CAPITAL EXPENDITURE

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATED OUTCOME 2017 R |
|--|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| CAPITAL EXPENDITURE (VOTE) | | | | | | |
| Single-year expenditure | | | | | | |
| Municipal Manager | 30 000 | 15 000 | 45 000 | 36 304 | (8 696) | 2 912 |
| Corporate Services | 24 300 | 50 000 | 74 300 | 95 225 | 20 925 | - |
| Finance | 50 500 | 843 600 | 894 100 | 778 897 | (115 203) | - |
| Community Services | 1 116 000 | 2 340 330 | 3 456 330 | 4 421 478 | 965 148 | - |
| Management Services | - | - | - | - | - | 2 722 217 |
| Community & Technical Services | - | - | - | - | - | 4 056 381 |
| Total Capital Expenditure by Vote | 1 220 800 | 3 248 930 | 4 469 730 | 5 331 903 | 862 173 | 6 781 511 |

CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)

| | | | | | | |
|--------------------------------------|---------------|----------------|----------------|----------------|------------------|------------------|
| Governance and administration | 89 800 | 908 600 | 998 400 | 897 188 | (101 212) | 2 707 820 |
| Executive and council | 15 000 | - | 15 000 | 16 213 | 1 213 | 2 912 |
| Finance and administration | 74 800 | 908 600 | 983 400 | 880 974 | (102 426) | - |
| Internal audit | - | - | - | - | - | - |
| Budget and treasury office | - | - | - | - | - | 2 694 526 |
| Corporate services | - | - | - | - | - | 10 382 |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CAPITAL EXPENDITURE

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATE D OUTCOME 2017 R |
|---|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| Community and public safety | 1 088 000 | 2 270 330 | 3 358 330 | 3 226 941 | (131 389) | 3 686 881 |
| Sport and recreation | 205 000 | 97 028 | 302 028 | 265 432 | (36 596) | 340 106 |
| Public safety | 800 000 | 2 223 302 | 3 023 302 | 2 895 874 | (127 428) | 3 346 775 |
| Health | 83 000 | (50 000) | 33 000 | 65 635 | 32 635 | - |
| Economic and environmental services | 43 000 | 70 000 | 113 000 | 43 372 | (69 629) | 276 058 |
| Road Transport | - | - | - | 5 609 | 5 609 | 137 010 |
| Planning and development | 15 000 | - | 15 000 | 13 238 | (1 762) | 17 310 |
| Environmental protection | 28 000 | 70 000 | 98 000 | 24 525 | (73 475) | 121 738 |
| Trading services | - | - | - | 1 164 403 | 1 164 403 | 110 752 |
| Waste management | - | - | - | 1 164 403 | 1 164 403 | 110 752 |
| Total Capital Expenditure - Standard | 1 220 800 | 3 248 930 | 4 469 730 | 5 331 903 | 862 173 | 6 781 511 |

CAPITAL EXPENDITURE (FUNDING SOURCES)

| | | | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|-----------------|------------------|
| Provincial Government | 800 000 | 160 000 | 960 000 | 890 000 | (70 000) | 2 303 073 |
| Other transfers and grants | - | - | - | - | - | - |
| Transfers recognised - capital | 800 000 | 160 000 | 960 000 | 890 000 | (70 000) | 2 303 073 |
| Contributed Assets | - | - | - | - | - | 110 752 |
| Borrowing | - | - | - | - | - | 2 074 306 |
| Internally generated funds | 420 800 | 3 088 930 | 3 509 730 | 4 441 903 | 932 173 | 2 293 380 |
| Total Capital Funding | 1 220 800 | 3 248 930 | 4 469 730 | 5 331 903 | 862 173 | 6 781 511 |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CASH FLOWS

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATED OUTCOME 2017 R |
|--|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Receipts | | | | | | |
| Service charges | 550 000 | - | 550 000 | 72 846 | (477 154) | 802 323 |
| Other revenue | 27 834 902 | 1 439 100 | 29 274 002 | 28 978 823 | (295 179) | 28 149 508 |
| Government - operating | 142 798 790 | 846 126 | 143 644 916 | 150 471 581 | 6 826 665 | 124 710 073 |
| Government - capital | 800 000 | 160 000 | 960 000 | 890 000 | (70 000) | 2 303 073 |
| Interest | 1 400 100 | - | 1 400 100 | 2 936 533 | 1 536 433 | 2 311 483 |
| Payments | | | | | | |
| Suppliers and employees | (169 950 315) | (11 512 506) | (181 462 821) | (173 383 435) | 8 079 386 | (141 995 375) |
| Finance charges | (323 083) | (15 000) | (338 083) | (405 710) | (67 627) | (495 445) |
| Transfers and Grants | - | - | - | (120 000) | (120 000) | (120 000) |
| NET CASH FROM OPERATING ACTIVITIES | 3 110 394 | (9 082 280) | (5 971 886) | 9 440 638 | 15 412 524 | 15 665 639 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Receipts | | | | | | |
| Proceeds on disposal of Assets | - | 2 615 280 | 2 615 280 | 1 536 693 | (1 078 587) | - |
| Payments | | | | | | |
| Capital assets | (1 220 800) | (3 248 930) | (4 469 730) | (5 331 903) | (862 173) | (4 596 453) |
| NET CASH USED IN INVESTING ACTIVITIES | (1 220 800) | (633 650) | (1 854 450) | (3 795 210) | (1 940 760) | (4 596 453) |

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CASH FLOWS

| | ORIGINAL BUDGET 2018 R | BUDGET ADJUSTMENTS 2018 R | FINAL BUDGET 2018 R | ACTUAL OUTCOME 2018 R | BUDGET VARIANCE 2018 R | RESTATED OUTCOME 2017 R |
|--|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Payments | | | | | | |
| Repayment of borrowing | (907 368) | 31 165 | (876 203) | (1 206 167) | (329 964) | (1 169 425) |
| NET CASH FROM FINANCING ACTIVITIES | (907 368) | 31 165 | (876 203) | (1 206 167) | (329 964) | (1 169 425) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 982 227 | (9 684 766) | (8 702 539) | 4 439 261 | 13 141 800 | 9 899 761 |
| Cash/cash equivalents at the year begin: | 17 029 360 | 15 246 765 | 32 276 125 | 32 276 125 | - | 22 376 364 |
| Cash/cash equivalents at the year end: | 18 011 586 | 5 562 000 | 23 573 586 | 36 715 385 | 13 141 800 | 32 276 125 |