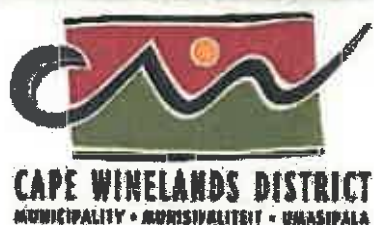


2018
2019

Annual
Financial
Statements



Vision
A unified Cape
Winelands of
excellence for
sustainable
development

Mission
Working together
towards effective,
efficient and
economically
sustainable
development



Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

General Information

Legal form of entity

Municipality (MFMA)

The Cape Winelands District Municipality is a district municipality located in the Boland region of the Western Cape province of South Africa and include the local municipalities of Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg (Municipal code: DC2)

Nature of business and principal activities

The Municipality is a local authority that -

- a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands;
- b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery;
- c) Provides effective planning and co-ordination of fire fighting services, prevention activities and training services throughout the Cape Winelands;
- d) Facilitates environmentally sustainable economic development & investment attraction as well as retention through the development and management of strategic partnerships;
- e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment;
- f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure;
- g) Provides support and shared services to local municipalities to facilitate economic development planning within the Cape Winelands;
- h) Increases access to safe and efficient transport;
- i) Develops integrated and sustainable human settlements;
- j) Integrates service delivery for maximum impact;
- k) Creates opportunities for growth and development in rural areas; and
- l) Empowers vulnerable groups, build human capital, invest in social capital and rural development programmes.

Mayoral committee

Ald. (Dr) H VON SCHLICHT
Cllr. C MEYER
Cllr. D SWART
Cllr. G.J CARINUS
Cllr. J.J DU PLESSIS
Cllr. L.W NIEHAUS
Cllr. A. FLORENCE
Cllr. P.C RAMOKHABI
Cllr. J.D.F VAN ZYL
Cllr. D.D. JOUBERT (APPOINTED 01/08/2018)

Other Councillors

Cllr. Z.L MASOKA - (APPOINTED 14/05/2018)
Cllr. C DAMENS
Cllr. X KALIPA
Cllr. L.N SIWAKAMISA
Cllr. J.S MOUTON
Cllr. P MARRAN - (RESIGNED 14/05/2019)
Cllr. E.S.C MATJAN
Cllr. A CROMBIE
Cllr. R.B ARNOLDS - (RESIGNED 02/04/2018)
Cllr. J.J VAN ROOYEN

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

General Information

| | |
|--------------------------------------|--|
| | Cllr. C STEYN |
| | Cllr. E QHANKQISO |
| | Cllr. B.B NTSHINGILA |
| | Cllr. W.M BLOM |
| | Cllr. G.J FREDERICKS |
| | Cllr. S.S MAGQAZANA |
| | Cllr. D.R.A SNYDERS |
| | Cllr. M.M ADRIAANSE - (RESIGNED 10/09/2018) |
| | Cllr. E GOUWS - (RESIGNED 10/09/2018) |
| | Cllr. P HESS |
| | Cllr. J.W SCHUURMAN |
| | Cllr. M.T KLAAS |
| | Cllr. R DU TOIT |
| | Cllr. L LANDU |
| | Cllr. W VROLOCK |
| | Cllr. N.S LOUW - (RESIGNED 25/07/2018) |
| | Cllr. R.S NALUMANGO |
| | Cllr. P DANIELS |
| | Cllr. A.J SHIBILI |
| | Cllr. C.F WILSKUT |
| | Cllr. L.S SAMBOKWE |
| | Cllr. N TETENA |
| | Cllr. S.C RENS |
| | Cllr. J. SMIT - (APPOINTED 02/10/2018) |
| | Cllr. N.D. SAUERMAN - (APPOINTED 02/10/2018) |
| Grading of local authority | GRADE 4 MEDIUM CAPACITY |
| Municipal Manager | H.F PRINS |
| Chief Financial Officer (CFO) | F.A DU RAAN - GROENEWALD |
| Registered office | 46 ALEXANDER STREET STELLENBOSCH 7600 |
| Postal address | P.O.BOX 100 STELLENBOSCH 7599 |
| Telephone | 0861 265 263 |
| Bankers | NEDBANK |
| Auditors | AUDITOR GENERAL OF SOUTH AFRICA (AGSA) |



Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Index

The reports and statements set out below comprise of the financial statements presented to the council:

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| | |
|--------|--|
| IDP | Integrated Development Plan |
| CRR | Capital Replacement Reserve |
| LGSETA | Local Government Sector Education and Training Authority |
| mSCOA | municipal Standard Chart of Accounts |
| GRAP | Generally Recognised Accounting Practice |
| DEA | Department of Environmental Affairs |
| PRMA | Post Retirement Medical Aid |
| RRAMS | Rural Roads Asset Management System |
| MPAC | Municipal Public Accounts Committee |
| IPSAS | International Public Sector Accounting Standards |
| Cllr | Councillor |
| LED | Local Economic Development |
| MFMA | Municipal Finance Management Act |
| PMS | Performance Management System |
| CWDM | Cape Winelands District Municipality |
| MSA | Municipal Systems Act |
| WCA | Workmen's Compensation Assistance |

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Local Government: Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and are given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the accounting officer is supported by the Municipality's internal auditors.

The financial statements set out on page 5 - 108, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2019.



Accounting Officer
HF Prins



Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

| Figures in Rand | Note(s) | 2019 | 2018 Restated* |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 656 290 226 | 616 034 060 |
| Other receivables from exchange transactions | 4 | 30 004 426 | 25 490 823 |
| Trade receivables from exchange transactions | 5 | 34 770 | 14 649 |
| Inventories | 6 | 2 532 251 | 2 359 893 |
| VAT receivable | 7 | 110 626 | 3 275 644 |
| Receivables from non-exchange transactions | 8 | 73 254 | 69 458 |
| Employee benefit asset | 15 | 2 632 167 | 2 416 597 |
| | | <u>691 677 720</u> | <u>649 661 124</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | 9 | 152 731 366 | 151 213 466 |
| Intangible assets | 10 | 526 592 | 634 690 |
| Employee benefit asset | 15 | 14 008 329 | 22 677 800 |
| | | <u>167 266 287</u> | <u>174 525 956</u> |
| Non-Current Assets | | 167 266 287 | 174 525 956 |
| Current Assets | | 691 677 720 | 649 661 124 |
| Total Assets | | <u>858 944 007</u> | <u>824 187 080</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Operating lease liability | 11 | - | 13 605 |
| Unspent conditional grants and receipts | 13 | 4 597 666 | 2 929 750 |
| Payables from exchange transactions | 14 | 4 445 146 | 9 953 174 |
| Employee benefit obligation | 15 | 29 414 165 | 29 267 194 |
| Provisions | 41 | 13 471 | 21 620 |
| | | <u>38 470 448</u> | <u>42 185 343</u> |
| Non-Current Liabilities | | | |
| Operating lease liability | 11 | - | 6 477 |
| Employee benefit obligation | 15 | 145 267 952 | 157 665 465 |
| | | <u>145 267 952</u> | <u>157 671 942</u> |
| Non-Current Liabilities | | 145 267 952 | 157 671 942 |
| Current Liabilities | | 38 470 448 | 42 185 343 |
| Total Liabilities | | <u>183 738 400</u> | <u>199 857 285</u> |
| Assets | | 858 944 007 | 824 187 080 |
| Liabilities | | (183 738 400) | (199 857 285) |
| Net Assets | | <u>675 205 607</u> | <u>624 329 795</u> |
| Accumulated surplus | 16 | 675 205 607 | 624 329 795 |

* See Note 31



Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

| Figures in Rand | Note(s) | 2019 | 2018 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 17 | 136 065 | 70 756 |
| Rental of facilities and equipment | 18 | 248 345 | 123 908 |
| Agency services | 19 | 108 552 545 | 96 154 321 |
| Other income | 20 | 3 389 329 | 1 525 810 |
| Interest received - investment | 21 | 54 293 664 | 51 928 028 |
| Total revenue from exchange transactions | | 166 619 948 | 149 802 823 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants and subsidies | 22 | 231 988 667 | 230 433 575 |
| Fines, penalties and forfeits | | - | 2 000 |
| Total revenue from non-exchange transactions | | 231 988 667 | 230 435 575 |
| Total revenue | | 398 608 615 | 380 238 398 |
| Expenditure | | | |
| Employee related costs | 24 | (179 039 248) | (185 397 997) |
| Remuneration of councillors | 25 | (12 171 102) | (11 330 916) |
| Depreciation and amortisation | 26 | (11 758 024) | (10 012 959) |
| Finance costs | 27 | - | (91) |
| Lease rentals on operating lease | | (285 499) | (484 240) |
| Debt impairment | 28 | (55 718) | - |
| Debt impairment reversal | 28 | - | 2 187 943 |
| Bad debt written off | | - | (2 257 634) |
| Contracted services | 43 | (43 484 511) | (50 293 034) |
| Transfers and Subsidies | 42 | (11 423 783) | (13 495 524) |
| Loss on disposal of assets | | (881 488) | (8 965 309) |
| Inventories losses/write-downs | | (43 355) | - |
| General Expenses | 29 | (88 590 074) | (81 153 661) |
| Total expenditure | | (347 732 802) | (361 203 422) |
| Total revenue | | 398 608 615 | 380 238 398 |
| Total expenditure | | (347 732 802) | (361 203 422) |
| Surplus for the year | | 50 875 813 | 19 034 976 |



* See Note 31

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus | Total net assets |
|---|---------------------|--------------------|
| Opening balance as previously reported | 602 274 992 | 602 274 992 |
| Prior year adjustments (note 31) | 3 019 827 | 3 019 827 |
| Balance at 01 July 2017 as restated* | 605 294 819 | 605 294 819 |
| Changes in net assets | | |
| Surplus previous year (2017/2018) | 19 995 832 | 19 995 832 |
| Prior year adjustments (2017/2018) | (960 856) | (960 856) |
| Restated surplus 2017/2018 | 19 034 976 | 19 034 976 |
| Restated* Balance at 01 July 2018 | 624 329 794 | 624 329 794 |
| Changes in net assets | | |
| Surplus for the year | 50 875 813 | 50 875 813 |
| Total changes | 50 875 813 | 50 875 813 |
| Balance at 30 June 2019 | 675 205 607 | 675 205 607 |
| Note(s) | 16 | |



* See Note 31

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Cash Flow Statement

| Figures in Rand | Note(s) | 2019 | 2018 Restated* |
|---|---------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 111 272 150 | 99 462 012 |
| Grants | | 231 988 667 | 230 433 575 |
| Interest income | | 53 964 794 | 42 739 011 |
| | | <u>397 225 611</u> | <u>372 634 598</u> |
| Payments | | | |
| Employee costs | | (182 881 105) | (173 313 216) |
| Suppliers | | (147 867 921) | (146 245 532) |
| Other payments: Remuneration to Councillors | | (12 171 102) | (11 330 916) |
| | | <u>(342 920 128)</u> | <u>(330 889 664)</u> |
| Total receipts | | 397 225 611 | 372 634 598 |
| Total payments | | (342 920 128) | (330 889 664) |
| Net cash flows from operating activities | 32 | <u>54 305 483</u> | <u>41 744 934</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 9 | (13 984 893) | (18 208 008) |
| Proceeds from sale of property, plant and equipment | 9 | 198 890 | 431 936 |
| Purchase of other intangible assets | 10 | (263 312) | (61 760) |
| | | <u>(14 049 315)</u> | <u>(17 837 832)</u> |
| Cash flows from financing activities | | | |
| Finance lease payments | 12 | - | (3 544) |
| Net increase/(decrease) in cash and cash equivalents | | <u>40 256 168</u> | <u>23 903 558</u> |
| Cash and cash equivalents at the beginning of the year | | 616 034 060 | 592 130 504 |
| Cash and cash equivalents at the end of the year | 3 | <u>656 290 228</u> | <u>616 034 062</u> |



* See Note 31

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|----------------------|------------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Service charges | 200 000 | (63 900) | 136 100 | 136 065 | (35) | Note 47 |
| Rental of facilities and equipment | 220 000 | 28 400 | 248 400 | 248 345 | (55) | Note 47 |
| Agency services | 128 389 753 | (2 024 970) | 126 364 783 | 108 552 545 | (17 812 238) | Note 47 |
| Other revenue | 2 473 990 | 814 600 | 3 288 590 | 3 389 329 | 100 739 | Note 47 |
| Interest received - investment | 54 000 000 | 1 245 870 | 55 245 870 | 54 293 664 | (952 206) | Note 47 |
| Total revenue from exchange transactions | 185 283 743 | - | 185 283 743 | 166 619 948 | (18 663 795) | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Government grants and subsidies | 235 733 652 | - | 235 733 652 | 231 988 667 | (3 744 985) | Note 47 |
| Total revenue | 421 017 395 | - | 421 017 395 | 398 608 615 | (22 408 780) | |
| Expenditure | | | | | | |
| Employee related costs | (215 644 511) | (1 347 600) | (216 992 111) | (179 039 248) | 37 952 863 | Note 47 |
| Remuneration of councillors | (12 458 055) | - | (12 458 055) | (12 171 102) | 286 953 | Note 47 |
| Depreciation and amortisation | (9 989 893) | (3 105 460) | (13 095 353) | (11 758 024) | 1 337 329 | Note 47 |
| Lease rentals on operating lease | (1 029 000) | 742 300 | (286 700) | (285 499) | 1 201 | Note 47 |
| Debt Impairment | - | (55 750) | (55 750) | (55 718) | 32 | Note 47 |
| Bad debt written off | (1 186 275) | 120 000 | (1 066 275) | - | 1 066 275 | Note 47 |
| Contracted Services | (62 672 512) | 4 592 083 | (58 080 429) | (43 484 511) | 14 595 918 | Note 47 |
| Transfers and Subsidies | (10 856 300) | (1 570 000) | (12 426 300) | (11 423 783) | 1 002 517 | Note 47 |
| General Expenses | (105 215 568) | 1 576 087 | (103 639 481) | (88 590 074) | 15 049 407 | Note 47 |
| Total expenditure | (419 052 114) | 951 660 | (418 100 454) | (346 807 959) | 71 292 495 | |
| Operating surplus | 1 965 281 | 951 660 | 2 916 941 | 51 800 656 | 48 883 715 | |
| Loss on disposal of assets | (20 000) | (908 260) | (928 260) | (881 488) | 46 772 | Note 47 |
| Inventories losses/write-downs | - | (43 400) | (43 400) | (43 355) | 45 | Note 47 |
| | (20 000) | (951 660) | (971 660) | (924 843) | 46 817 | |
| Surplus | 1 945 281 | - | 1 945 281 | 50 875 813 | 48 930 532 | |



Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|--------------------|-------------|--------------------|--|---|-----------|
| Figures in Rand | | | | | | |
| Statement of Financial Position | | | | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Inventories | 1 800 000 | - | 1 800 000 | 2 532 251 | 732 251 | Note 47 |
| Other receivables from exchange transactions | 34 508 595 | - | 34 508 595 | 30 004 426 | (4 504 169) | Note 47 |
| Receivables from non-exchange transactions | 74 000 | - | 74 000 | 73 254 | (746) | Note 47 |
| VAT receivable | 112 000 | - | 112 000 | 110 626 | (1 374) | Note 47 |
| Employee benefit asset | 2 500 000 | - | 2 500 000 | 2 632 167 | 132 167 | Note 47 |
| Trade receivables from exchange transactions | 15 000 | - | 15 000 | 34 770 | 19 770 | Note 47 |
| Cash and cash equivalents | 640 579 304 | - | 640 579 304 | 656 290 226 | 15 710 922 | Note 47 |
| | 679 588 899 | - | 679 588 899 | 691 677 720 | 12 088 821 | |
| Non-Current Assets | | | | | | |
| Property, plant and equipment | 162 847 621 | - | 162 847 621 | 152 731 366 | (10 116 255) | Note 47 |
| Intangible assets | 780 874 | - | 780 874 | 526 592 | (254 282) | Note 47 |
| Employee benefit asset | 22 000 000 | - | 22 000 000 | 14 008 329 | (7 991 671) | Note 47 |
| | 185 628 495 | - | 185 628 495 | 167 266 287 | (18 362 208) | |
| Non-Current Assets | 679 588 899 | - | 679 588 899 | 691 677 720 | 12 088 821 | |
| Current Assets | 185 628 495 | - | 185 628 495 | 167 266 287 | (18 362 208) | |
| Total Assets | 865 217 394 | - | 865 217 394 | 858 944 007 | (6 273 387) | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Payables from exchange transactions | 14 633 000 | - | 14 633 000 | 4 445 148 | (10 187 852) | Note 47 |
| Employee benefit obligation | 30 056 434 | - | 30 056 434 | 29 414 165 | (642 269) | Note 47 |
| Unspent conditional grants and receipts | 2 000 000 | - | 2 000 000 | 4 597 666 | 2 597 666 | Note 47 |
| Provisions | 14 000 | - | 14 000 | 13 471 | (529) | Note 47 |
| | 46 703 434 | - | 46 703 434 | 38 470 450 | (8 232 984) | |
| Non-Current Liabilities | | | | | | |
| Employee benefit obligation | 159 166 474 | - | 159 166 474 | 145 267 952 | (13 898 522) | Note 47 |
| | 46 703 434 | - | 46 703 434 | 38 470 450 | (8 232 984) | |
| | 159 166 474 | - | 159 166 474 | 145 267 952 | (13 898 522) | |
| Total Liabilities | 205 869 908 | - | 205 869 908 | 183 738 402 | (22 131 506) | |
| Assets | 865 217 394 | - | 865 217 394 | 858 944 007 | (6 273 387) | |
| Liabilities | (205 869 908) | - | (205 869 908) | (183 738 402) | 22 131 506 | |
| Net Assets | 659 347 486 | - | 659 347 486 | 675 205 605 | 15 858 119 | |



2019 -11- 30

AUDITOR - GENERAL
SOUTH AFRICA

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

| Budget on Accrual Basis | | | | | | |
|--|-----------------|-------------|--------------------|------------------------------------|--|-----------|
| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
| Figures in Rand | | | | | | |
| Net Assets | | | | | | |
| Net Assets Attributable to Owners of Controlling Entity | | | | | | |
| Reserves | | | | | | |
| Accumulated surplus | 659 347 486 | - | 659 347 486 | 675 205 605 | 15 858 119 | Note 47 |



Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|----------------------|-------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | |
| Cash Flow Statement | | | | | | |
| Cash flows from operating activities | | | | | | |
| Receipts | | | | | | |
| Sale of goods and services | 128 506 843 | - | 128 506 843 | 111 272 150 | (17 234 693) | Note 47 |
| Grants | 234 522 652 | - | 234 522 652 | 231 988 667 | (2 533 985) | Note 47 |
| Interest income | 51 000 000 | - | 51 000 000 | 53 964 794 | 2 964 794 | Note 47 |
| | 414 029 495 | - | 414 029 495 | 397 225 611 | (16 803 884) | |
| Payments | | | | | | |
| Employee costs | (198 297 075) | - | (198 297 075) | (182 881 105) | 15 415 970 | Note 47 |
| Suppliers | (161 916 167) | - | (161 916 167) | (147 867 921) | 14 048 246 | Note 47 |
| Other payments: remuneration to councillors | (12 458 055) | - | (12 458 055) | (12 171 102) | 286 953 | Note 47 |
| | (372 671 297) | - | (372 671 297) | (342 920 128) | 29 751 169 | |
| Total receipts | 414 029 495 | - | 414 029 495 | 397 225 611 | (16 803 884) | |
| Total payments | (372 671 297) | - | (372 671 297) | (342 920 128) | 29 751 169 | |
| Net cash flows from operating activities | 41 358 198 | - | 41 358 198 | 54 305 483 | 12 947 285 | |
| Cash flows from investing activities | | | | | | |
| Purchase of property, plant and equipment | (16 812 960) | - | (16 812 960) | (13 984 893) | 2 828 067 | Note 47 |
| Proceeds from sale of property, plant and equipment | - | - | - | 198 890 | 198 890 | Note 47 |
| Purchase of other intangible assets | - | - | - | (263 312) | (263 312) | Note 47 |
| Net cash flows from investing activities | (16 812 960) | - | (16 812 960) | (14 049 315) | 2 763 645 | |
| Net increase/(decrease) in cash and cash equivalents | 24 545 238 | - | 24 545 238 | 40 256 168 | 15 710 930 | |
| Cash and cash equivalents at the beginning of the year | 616 034 060 | - | 616 034 060 | 616 034 060 | - | |
| Cash and cash equivalents at the end of the year | 640 579 298 | - | 640 579 298 | 656 290 228 | 15 710 930 | |



Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

All figures have been rounded to the nearest Rand.

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied with the previous period in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on an individual basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on historical data collected by the municipality. The estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficient long maturity to match the estimated maturity of all benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

The municipality used the prime lending rate to discount future cash flows.

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Reserves

Internal ring fenced reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the Statement of Financial Performance, whereafter such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the Municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, these are reflected in the Statement of Financial Performance.



Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Accounting Policies

1.2 Reserves (continued)

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

Accumulated Surplus

The accumulated surplus 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. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.3 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with a maturity period of between three and twelve months and are subject to an insignificant risk of change in value. Cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Amounts recovered from the Western Cape Provincial Government in respect of the future medical liability of the road staff are included in the balance of cash and cash equivalents.

1.4 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, the cost is considered to be the fair value as at date of acquisition.

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies

1.4 Property, plant and equipment (continued)

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

- (i) Plant and equipment - at cost less accumulated depreciation and accumulated impairment losses
- (ii) Buildings - at cost less accumulated depreciation and accumulated impairment losses

Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives to their estimated residual value of the assets. The depreciation rates are based on the following estimated useful lives for the current and comparative years:

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Estimated useful life |
|-------------------------------------|---------------------|-----------------------|
| Buildings | Straight line | 30-50 |
| Infrastructure | Straight line | 15-50 |
| Furniture and fittings | Straight line | 3-20 |
| Motor vehicles | Straight line | 5-27 |
| Office equipment | Straight line | 3-20 |
| Plant and equipment | Straight line | 3-50 |
| Other property, plant and equipment | Straight line | 3-46 |
| Leased assets | Straight line | 5-9 |

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Impairment

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- (b) The use of the asset has changed, because of the following:
- (i) The entity has changed the manner in which the asset is used.
 - (ii) The entity has changed the utilisation rate of the asset.
 - (iii) The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
 - (iv) Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - (v) Legal or similar limits placed on the use of the asset have changed.
 - (vi) The asset was idle or retired from use during the reporting period.
- (c) The asset is approaching the end of its previously expected useful life.
- (d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- (e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- (f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised 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.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Accounting Policies

1.5 Intangible assets (continued)

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|--------------------------|--------------|
| Computer software, other | 3 - 10 years |

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The Municipality's heritage assets are culturally significant resources. These assets, in addition to meeting the definition of a Heritage asset, are currently in use as office accommodation and therefore meets the definition of Property, Plant and Equipment.

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment (GRAP 17). Refer to note 1.4

The Municipality has the following registered Heritage Assets:

- Building at 46 Alexander Street, Stellenbosch was declared as a Provincial Heritage site on 8 September 1967.
- Building at 194 Main Road, Paarl.

Impairment

On an annual basis the municipality assess heritage assets for any indications of impairment. The municipality uses the following guidance provided by GRAP 21 and 26 (Impairment of cash and non-cash generated assets). The indicators for impairment may include but are not limited to:

External sources:

Changes in the market- if there is a significant decrease in the market value of the similar item;

Changes in the market- absence of an active market for a revalued heritage asset for example if the supplier has been liquidated, .

Internal sources:

Significant change with an adverse effect on the entity- spare parts are no longer available and changes in technology took place.

Physical damage to the heritage asset or prolonged deterioration affecting its value.

1.7 Changes in accounting policies, estimates errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Cape Winelands District Municipality

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Accounting Policies

1.7 Changes in accounting policies, estimates errors (continued)

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to applicable note to the annual financial statements for details of corrections of errors recorded during the period under review.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Cape Winelands District Municipality

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Accounting Policies

1.8 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are recognised at revenue.

Cape Winelands District Municipality

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Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a 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, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions.

1.9 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Accounting Policies

1.9 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories consist of unsold properties and consumables.

Initial measurement

Inventories are initially measured at cost. Cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

Subsequent measurement

Unsold properties and consumables to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Roads inventory to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Derecognition

The Municipality derecognises unsold low cost housing contained in inventory when construction of such properties has been completed and occupation of houses taken by the beneficiaries. At date of derecognition, the expense is recognised in the Statement of Financial Performance.

When other inventories are utilised or consumed, the carrying amounts 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 expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Cape Winelands District Municipality

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Accounting Policies

1.11 Grants in Aid

The Municipality annually awards grants to organisations in terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

1.12 Events after reporting date

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

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.13 Budget information

The Municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the period from 2018/07/01 to 2019/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts as prescribed in GRAP 24.

A comparison of actual vs. budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and actual amounts and reasons for variances in excess of 10%.

1.14 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Accounting Policies

1.14 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.15 Value added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991).

1.16 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

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.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Cape Winelands District Municipality

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Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current prime lending rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. The municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.17 Impairment of non-cash-generating assets

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an Impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

Cape Winelands District Municipality

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Accounting Policies

1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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, and only 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 does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

A contingent asset is a possible asset 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:

- 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; or
- 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 or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

1.19 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Accounting Policies

1.20 Revenue from exchange transactions (continued)

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Agency fees are recognised to the extent of work performed.

Interest

Revenue arising from the use by others of municipal assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and 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.

Services In-kind

Services in-kind are not recognised.

1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to notes 32 for detail.

1.24 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Accounting Policies

1.25 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Accounting Policies

1.27 Employee benefits (continued)

Long term receivable

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, a municipality shall recognise its right to reimbursement as a separate asset. The municipality shall measure the asset at fair value. In all other respects, the municipality shall treat that asset in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan may be presented net of the amount recognised for a reimbursement.

The municipality recognised a long term receivable relating to the recoveries from the Department of Transport and Public Works in respect of the post-employment medical benefit relating to the roads staff.

The assumptions used by the actuaries to calculate the portion of the roads staff are the same as that used to calculate the amount of the liability relating to the post-employment medical aid.

Multi-employer plans

The entity classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Cape Winelands District Municipality

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Accounting Policies

1.27 Employee benefits (continued)

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- 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 requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

Accounting Policies

1.27 Employee benefits (continued)

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The amount recognised as a liability for other long-term service awards is the net total of the following amounts:

- 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.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

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2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods:

IGRAP 20: Accounting for Adjustments to Revenue

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 34: Separate Financial Statements

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

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 35: Consolidated Financial Statements

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

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;

Notes to the Financial Statements

2. New standards and interpretations (continued)

- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 36: Investments in Associates and Joint Ventures

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

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 37: Joint Arrangements

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

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 38: Disclosure of Interests in Other Entities

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

- 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
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 110 (as amended 2016): Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

A municipality applies judgement based on past experience and current facts and circumstances.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 18 (as amended 2016): Segment Reporting

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

2. New standards and Interpretations (continued)

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2020

The municipality expects to adopt the standard for the first time in the 2019/2019 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

2. New standards and interpretations (continued)

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

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time in the 2019/2019 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 32: Service Concession Arrangements: Grantor

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

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time in the 2019/2019 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

2. New standards and interpretations (continued)

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019/2019 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP 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.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is for years beginning on or after 01 April 2019

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

| Figures in Rand | 2019 | 2018 |
|---------------------------------------|--------------------|--------------------|
| 3. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 3 100 | 3 100 |
| Bank balances | 5 287 128 | 14 030 960 |
| Short-term investments | 651 000 000 | 602 000 000 |
| | 656 290 228 | 616 034 060 |

Included in the balance of cash and cash equivalents is an amount of R 22 948 015 (2018: R 15 778 083) relating to the portion recovered from the Provincial Government Western Cape, Department of Transport and Public Works, in respect of the future medical aid liability of the roads staff.

No cash and cash equivalents have been pledged as security.

Short-term Investments

ABSA - Investment

| | | |
|------------------------|--------------------|--------------------|
| Opening balance | 130 000 000 | 143 000 000 |
| Movements for the year | 8 000 000 | (13 000 000) |
| | 138 000 000 | 130 000 000 |

FNB - Investment

| | | |
|------------------------|--------------------|-------------------|
| Opening balance | 82 000 000 | 105 000 000 |
| Movements for the year | 27 000 000 | (23 000 000) |
| | 109 000 000 | 82 000 000 |

INVESTEC - Investment

| | | |
|------------------------|--------------------|-------------------|
| Opening balance | 91 000 000 | 81 000 000 |
| Movements for the year | 17 000 000 | 10 000 000 |
| | 108 000 000 | 91 000 000 |

NEDCOR - Investment

| | | |
|------------------------|--------------------|--------------------|
| Opening balance | 151 000 000 | 139 000 000 |
| Movements for the year | 4 000 000 | 12 000 000 |
| | 155 000 000 | 151 000 000 |

STANDARD BANK - Investment

| | | |
|------------------------|--------------------|--------------------|
| Opening balance | 148 000 000 | 116 000 000 |
| Movements for the year | (7 000 000) | 32 000 000 |
| | 141 000 000 | 148 000 000 |

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

Figures in Rand

2019

2018

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|----------------------------------|-------------------------|-------------------|------------------|--------------------|------------------|------------------|
| | 30 June 2019 | 30 June 2018 | 30 June 2017 | 30 June 2019 | 30 June 2018 | 30 June 2017 |
| ABSA BANK - Primary bank account | - | - | 8 127 404 | - | - | 8 127 404 |
| Nedbank - Primary bank account | 2 787 126 | 5 030 960 | - | 11 317 410 | 5 030 960 | - |
| Nedbank - Call account | 2 500 000 | 9 000 000 | - | - | - | - |
| Total | 5 287 126 | 14 030 960 | 8 127 404 | 11 317 410 | 5 030 960 | 8 127 404 |

4. Other receivables from exchange transactions

| | | |
|---|-------------------|-------------------|
| Allowance for impairment | (32 302) | (37 121) |
| Prepayments | 3 076 009 | 3 320 954 |
| Deposits | 471 738 | 556 738 |
| Insurance claims | 249 950 | 88 371 |
| Municipal health debtor | 51 688 | 63 982 |
| Staff debt | 466 434 | - |
| Rental | 27 073 | 11 922 |
| Councillors | 79 984 | 95 984 |
| Accrued interest | 21 386 058 | 21 057 188 |
| Roads function (Department of Transport and Public Works) | 3 813 475 | - |
| Other receivables | 169 652 | 90 392 |
| Post retirement medical aid | 244 667 | 242 413 |
| | 30 004 426 | 25 490 823 |

Other receivables pledged as security

No other receivables were pledged as security.

No collateral is held for any of the debtors disclosed above.

Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty defaults. The Municipality's historical experience in collection of other trade receivables falls within recorded allowances. Due to these factors, management's view is that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's other trade receivables.

Other receivables from exchange transactions

Gross balances

| | | |
|--|---------------|---------------|
| Other receivables from exchange transactions | 30 036 728 | 25 527 945 |
| Less: Allowance for impairment | | |
| Other receivables | 455 | 260 |
| Post retirement medical aid | 31 846 | 36 862 |
| | 32 301 | 37 122 |
| Net balance | | |
| Other receivables | 30 004 426 | 25 453 701 |

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

| Figures in Rand | 2019 | 2018 |
|--|------------------|------------------|
| 4. Other receivables from exchange transactions (continued) | | |
| Other receivables from exchange transactions | | |
| Current (0 - 30 days) | 4 438 814 | 370 289 |
| 31 - 60 days | 5 420 | 4 315 |
| 61 - 90 days | 1 896 | 1 453 |
| 91 - 120 days | 74 | 1 453 |
| 121 - 365 days | 8 839 | - |
| > 365 days | 540 899 | 639 187 |
| | 4 995 942 | 1 016 697 |

None of the financial assets that are fully performing have been renegotiated in the last year.

Prepayments of R 3 076 009 (2018: R 3 320 954), staff debt of R 466 434 (2018: R nil) and councillor debt R 79 984 (2018: R 95 984) were not included as the future economic benefits relate to the receipt of goods and services. The interest accrual of R 21 386 058 (2018: R 21 057 188) was not included in the ageing as it is not due yet.

Other receivables past due but not impaired

Management regard other receivables from exchange transactions for outstanding amounts of more than 30 days past due. The impairment of other receivables from exchange transactions is based on the historic payment rate of the receivable.

As at 30 June 2019 other receivables of R 637 112 (2018: R 683 521) were past due but not impaired.

No other receivables were pledged as security.

Reconciliation of provision for impairment of other receivables from exchange transactions

| | | |
|--------------------------|-----------------|-----------------|
| Opening balance | (37 121) | (22 841) |
| Provision for impairment | (5 539) | (14 280) |
| Amounts written off | 260 | - |
| Reversal of allowance | 10 099 | - |
| | (32 301) | (37 121) |

5. Trade Receivables from exchange transactions

Gross balances

| | | |
|---------------|---------|--------|
| Fire Fighting | 132 671 | 52 272 |
|---------------|---------|--------|

Less: Allowance for impairment

| | | |
|---------------|----------|----------|
| Fire Fighting | (97 901) | (37 623) |
|---------------|----------|----------|

Net balance

| | | |
|---------------|--------|--------|
| Fire Fighting | 34 770 | 14 649 |
|---------------|--------|--------|

Fire fighting

| | | |
|----------------------|----------------|---------------|
| Current (0 -30 days) | 24 935 | 14 649 |
| 31 - 60 days | 9 836 | - |
| 61 - 90 days | 15 099 | 2 438 |
| 91 - 120 days | - | 2 438 |
| 121 - 365 days | 30 514 | 32 747 |
| > 365 days | 52 287 | - |
| | 132 671 | 52 272 |

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

| Figures in Rand | 2019 | 2018 |
|--|-----------------|-----------------|
| 5. Trade Receivables from exchange transactions (continued) | | |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | (37 623) | (2 239 846) |
| Contributions to allowance | (60 278) | (55 411) |
| Debt impairment written off against allowance | - | 2 257 634 |
| | (97 901) | (37 623) |

Trade receivables pledged as security

No trade receivables were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

No collateral is held for any of the debtors disclosed above.

Credit quality of consumer debtors

Due to historic trends that cannot be determined, the credit quality of each individual debtor that are neither due nor past nor impaired was assessed. As per the Credit Control and Debt Collection Policy, all debtors with accounts outstanding for more than 60 days are handed over to the debt collectors of the Municipality. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management's view that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

Consumer debtors past due but not impaired

The debt originated as a result of firefighting services rendered in terms of the Fire Fighting Act. The impairment for receivables from exchange transactions was calculated based on the assessment of each individual debtor as a historic payment trend cannot be determined for firefighting debtors.

As at 30 June 2019 consumer debtors of R nil (2018: R nil) were past due but not impaired.

Consumer debtors impaired

As at 30 June 2019, consumer debtors of R 97 901 (2018: R 37 623) were impaired and provided for.

The amount of the allowance for impairment is R 97 901 at June 2019 (2018: R 37 623).

The ageing of these debtors are as follow:

| | | |
|-------------------|--------|--------|
| 61 to 90 days | 15 099 | - |
| 91 to 120 days | - | 2 438 |
| 121 days and more | 82 802 | 35 185 |

The prior year amount disclosed for 121 days and more was restated from R32 747 to R35 185.

6. Inventories

| | | |
|-------------------|------------------|------------------|
| Consumable stores | 2 459 311 | 2 286 953 |
| Housing Stock | 72 940 | 72 940 |
| | 2 532 251 | 2 359 893 |

No inventory has been pledged as security.

Consumables valued at R 43 355 (2017: R nil) were written off and recognised in the Statement of Financial Performance. Inventory valued at R 5 253 394.89 (2017: R 5 705 374.38) were expensed in the Statement of Financial Performance.

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

| Figures in Rand | 2019 | 2018 |
|--------------------------|----------------|------------------|
| 7. VAT receivable | | |
| VAT | <u>110 626</u> | <u>3 275 644</u> |

8. Receivables from non-exchange transactions

| | | |
|---------------------------------|---------------|---------------|
| Government grants and subsidies | <u>73 254</u> | <u>69 458</u> |
|---------------------------------|---------------|---------------|

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

No collateral is held for any of the debtors disclosed above.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions impaired

As of 30 June 2019, receivables from non-exchange transactions of Rnil (2018: Rnil) were impaired and provided for.

Net balances

| | | |
|--------------------------------|---------------|---------------|
| Government grant and subsidies | <u>73 254</u> | <u>69 458</u> |
|--------------------------------|---------------|---------------|

Government grant and subsidies

| | | |
|----------------------|---------------|---------------|
| Current (0 -30 days) | 73 254 | 64 700 |
| 31 - 60 days | - | 4 758 |
| | <u>73 254</u> | <u>69 458</u> |

Reconciliation of allowance for impairment of receivables from non-exchange transactions

| | | |
|-----------------|---|---|
| Opening balance | - | - |
|-----------------|---|---|

9. Property, plant and equipment

| | 2019 | | | 2018 | | |
|-------------------------------------|--------------------|---|--------------------|--------------------|---|--------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 66 384 904 | - | 66 384 904 | 66 384 904 | - | 66 384 904 |
| Buildings | 47 821 485 | (24 615 034) | 23 206 451 | 46 431 042 | (23 478 596) | 22 952 446 |
| Plant and equipment | 20 738 144 | (10 613 990) | 10 124 154 | 18 504 264 | (8 877 589) | 9 626 675 |
| Furniture and fittings | 8 062 631 | (5 088 134) | 2 974 497 | 8 130 436 | (4 728 630) | 3 401 806 |
| Motor vehicles | 47 744 363 | (20 048 998) | 27 695 365 | 44 866 546 | (17 516 623) | 27 349 923 |
| Office equipment | 28 249 660 | (13 890 191) | 14 359 469 | 25 864 888 | (10 499 180) | 15 365 708 |
| Infrastructure | 3 575 596 | (750 862) | 2 824 734 | 2 714 223 | (658 958) | 2 055 265 |
| Other property, plant and equipment | 8 510 488 | (3 348 696) | 5 161 792 | 6 822 801 | (2 746 062) | 4 076 739 |
| Total | 231 087 271 | (78 355 905) | 152 731 366 | 219 719 104 | (68 505 638) | 151 213 466 |

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9. Property, plant and equipment (continued)

At 30 June 2019 work in progress was Rnil (2018: R 461 681). The work in progress of the 2017/2018 financial year related to buildings.

Criteria for determination for classification between Property, plant and equipment and Investment property.

The criteria created to identify whether an asset meets the definition of Property, plant and equipment (PPE) or Investment property have been determined as follows:

a) In the instance where the property yield rentals, where the majority of the property is held for administrative purposes and an insignificant portion is held for rentals, the total property will be evaluated as PPE and not as investment property. This will apply even if the intention is to rent the property out for a prolonged period.

b) Where a significant portion (more than 50%) of the total property including land and all other buildings is held for rentals, the property will be classified as investment property. This will apply even if management intends to rent the property out for a prolonged period.

Two properties consisting of two houses and one parking area were identified that are rented to the public. A significant portion of both the properties (land and buildings) are held by the municipality for administrative purposes.

These properties are currently rented out for a specified period per the lease agreements entered into after a tender was awarded to the lessees. Prior to the expiry of the lease agreement the municipality will re-assess whether the use of these assets will be for municipal administrative purposes or whether capacity exists to enable a new lease to be considered.

A significant portion of the properties are held for administrative purposes. The consideration of a new lease is based on the need of the municipality prior to expiry of the lease agreements. These two properties meet the criteria set out above as Property, plant and equipment. These assets have been classified as Property, plant and equipment.

Reconciliation of property, plant and equipment - 2019

| | Opening balance | Additions | Disposals | Depreciation | Total |
|-------------------------------------|--------------------|-------------------|--------------------|---------------------|--------------------|
| Land | 66 384 904 | - | - | - | 66 384 904 |
| Buildings | 22 952 448 | 1 390 442 | - | (1 136 439) | 23 206 451 |
| Plant and equipment | 9 626 674 | 2 472 776 | (70 257) | (1 905 039) | 10 124 154 |
| Furniture and fittings | 3 401 806 | 199 033 | (114 484) | (511 858) | 2 974 497 |
| Motor vehicles | 27 349 922 | 4 324 278 | (566 207) | (3 412 628) | 27 695 365 |
| Office equipment | 15 365 708 | 3 082 884 | (293 864) | (3 795 259) | 14 359 469 |
| Infrastructure | 2 055 265 | 861 373 | - | (91 904) | 2 824 734 |
| Other property, plant and equipment | 4 076 738 | 1 654 107 | (1 713) | (567 340) | 5 161 792 |
| | 151 213 465 | 13 984 893 | (1 046 525) | (11 420 467) | 152 731 366 |

Reconciliation of property, plant and equipment - 2018

| | Opening balance | Additions | Disposals | Depreciation | Total |
|-------------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| Land | 69 682 563 | - | (3 297 659) | - | 66 384 904 |
| Buildings | 24 759 370 | 1 572 534 | (2 298 575) | (1 080 883) | 22 952 446 |
| Plant and equipment | 8 920 983 | 2 423 465 | (80 823) | (1 636 950) | 9 626 675 |
| Furniture and fittings | 3 228 381 | 618 680 | (22 607) | (422 648) | 3 401 806 |
| Motor vehicles | 26 933 334 | 6 455 735 | (3 146 654) | (2 892 492) | 27 349 923 |
| Office equipment | 13 429 286 | 5 579 616 | (467 068) | (3 176 126) | 15 365 708 |
| Infrastructure | 1 372 299 | 747 467 | - | (64 501) | 2 055 265 |
| Other property, plant and equipment | 3 670 604 | 810 511 | - | (404 378) | 4 076 739 |
| | 151 996 820 | 18 208 008 | (9 313 386) | (9 677 976) | 151 213 466 |

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9. Property, plant and equipment (continued)

Reconciliation of repairs and maintenance 2019

| | Contracted services | Employee related cost | Materials and Supplies | Total |
|------------------------|----------------------------|------------------------------|-------------------------------|------------------|
| Buildings | 1 899 303 | 1 772 663 | 122 417 | 3 794 383 |
| Office equipment | 716 006 | - | 2 238 | 718 244 |
| Plant and equipment | 201 651 | - | 6 283 | 207 934 |
| Furniture and fittings | 11 559 | - | 150 | 11 709 |
| Motor vehicles | 1 167 664 | - | 543 419 | 1 711 083 |
| Other | 121 683 | - | - | 121 683 |
| | 4 117 866 | 1 772 663 | 674 507 | 6 565 036 |

Reconciliation of repairs and maintenance 2018

| | Contracted services | Employee related cost | Materials and Supplies | Total |
|------------------------|----------------------------|------------------------------|-------------------------------|------------------|
| Buildings | 1 782 643 | 1 616 869 | 153 363 | 3 552 875 |
| Office equipment | 1 786 526 | - | 5 696 | 1 792 222 |
| Plant and equipment | 208 948 | - | 32 742 | 241 690 |
| Furniture and fittings | 3 037 | - | - | 3 037 |
| Motor vehicles | 1 793 505 | - | 779 599 | 2 573 104 |
| Other | 94 838 | - | 2 181 | 97 019 |
| | 5 669 497 | 1 616 869 | 973 581 | 8 259 947 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

No assets have been pledged as security.

Other property, plant and equipment were split into the various classes as disclosed in the note for both the current and prior year.

An impairment assessment was performed based on the indicators as listed in the accounting policy under paragraph 1.4 Property, plant and equipment. No potential impairment losses have been recognized on Property, Plant and Equipment of the municipality at the reporting date.

An review of useful lives of property, plant and equipment was done. Management considers whether there is any indication that expectations about the useful life of an asset have changed since the preceding reporting date. There was changes in the estimated useful lives of various assets of the municipality for the financial year. Refer to Note 46 for details relating to the change in accounting estimates.

10. Intangible assets

| | 2019 | | | 2018 | | |
|--------------------------|-------------------------|--|-----------------------|-------------------------|--|-----------------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software, other | 2 071 630 | (1 545 038) | 526 592 | 1 852 552 | (1 217 862) | 634 690 |



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10. Intangible assets (continued)

Reconciliation of intangible assets - 2019

| | Opening balance | Additions acquired | Disposals | Amortisation | Total |
|--------------------------|--------------------|-----------------------|-----------|--------------|---------|
| Computer software, other | 634 691 | 263 312 | (33 853) | (337 558) | 526 592 |

Reconciliation of intangible assets - 2018

| | Opening balance | Additions acquired | Disposals | Amortisation | Total |
|--------------------------|--------------------|-----------------------|-----------|--------------|---------|
| Computer software, other | 991 772 | 61 760 | (83 859) | (334 983) | 634 690 |

11. Operating lease liability

Operating leases relate to buildings that are recognised on a straight line basis with lease terms of between one to 3 years. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

Liability

| | | |
|--|---|--------|
| Non-current portion of straight lining | - | 6 477 |
| Current portion | - | 13 605 |
| | - | 20 082 |

The Municipality entered into operating leases for the rental of office facilities. The lease agreements are between LSW Eienomme BK, Witzenberg Municipality and Stellenbosch Municipality. The contracts are for a 3 (three) year period.

The additional disclosure is under financial instruments note 33.

12. Finance lease obligation

Finance lease liabilities relate to cellphones with a contract term of 24 months (2018: 24 months). Amounts are paid monthly in arrears and the interest rates are linked to the average investment rate, currently at 8.15% (2018: 8.34%), for the duration of the contract. All finance lease contracts reached maturity during the 2017/2018 financial year.

The municipality approved a Telecommunications policy during the 2014/15 financial year, allowing employees to receive telephone allowances and the finance leases of cellphones to be phased out accordingly.

All finance lease contracts reached maturity during the 2017/2018 financial year.

No arrangements have been entered into for contingent rental payments.

| | | |
|--------------------------|---|---------|
| Opening balance | - | 3 544 |
| Payments during the year | - | (3 544) |
| | - | - |

Present value of minimum lease payments due
- in second to fifth year inclusive

| | | |
|--|---|---|
| | - | - |
|--|---|---|

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|---|------------------|------------------|
| 13. Unspent conditional grants and receipts | | |
| Unspent conditional grants comprises of: | | |
| Unspent conditional grants and receipts | | |
| Community development workers grant | - | 77 735 |
| Integrated transport planning | 892 006 | 707 612 |
| Municipal systems improvement grant | 162 | 162 |
| Municipal performance management grant | - | 236 100 |
| Western Cape financial management support grant | 895 040 | 895 040 |
| Tirelo Bosha: Public service improvement | - | 235 369 |
| Water and sanitation | 35 560 | 35 559 |
| Local government graduate internship grant | - | 1 000 |
| Western Cape financial management capacity building grant | 278 719 | 13 228 |
| Rural Roads Asset Management System Grant | 296 234 | - |
| Municipal Service Delivery and Capacity Building Grant | 400 000 | - |
| Local Government Internship Grant | 72 000 | - |
| Safety plan implementation grant - WOSA | 1 000 000 | - |
| Public contributions and donations | 727 945 | 727 945 |
| | 4 597 666 | 2 929 750 |

See note 22 & 23 for reconciliation of grants from National/Provincial Government.

These amounts are invested until utilised. (refer to note 3).

14. Payables from exchange transactions

| | | |
|---|------------------|------------------|
| Other payables | 125 830 | 105 964 |
| Creditor accruals | 2 764 381 | 3 172 047 |
| Working for water (Department of Environmental Affairs) | 812 430 | 812 430 |
| Payments received in advance | 30 478 | 21 797 |
| Retention | 581 234 | 863 891 |
| Roads function (Department of Transport and Public Works) | - | 4 902 906 |
| Trade payables | 129 753 | 73 671 |
| Unclaimed funds | 1 040 | 468 |
| | 4 445 146 | 9 953 174 |

15. Employee benefits

| | | |
|--|--------------------|--------------------|
| Current employee benefits | | |
| Employee benefit accruals | 661 076 | 631 127 |
| Current: Medical aid liability | 7 578 510 | 7 157 684 |
| Provision staff leave | 14 230 308 | 14 121 185 |
| 13th Cheque | 4 498 816 | 4 301 257 |
| Current: Ex- gratia benefit | 70 233 | 98 748 |
| Current: Long term service award | 1 635 094 | 2 437 142 |
| Performance bonus | 740 128 | 520 051 |
| | 29 414 165 | 29 267 194 |
| Other long term employee benefits | | |
| Long service award | 11 072 372 | 9 939 003 |
| Post-employee benefits | | |
| Post-Retirement Medical aid benefits | 132 706 087 | 145 983 861 |
| Ex-gratia benefit | 1 489 493 | 1 742 601 |
| | 134 195 580 | 147 726 462 |

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|--|--------------------|--------------------|
| 15. Employee benefits (continued) | | |
| Current liability | 29 414 165 | 29 267 194 |
| Non-current liability | 145 267 952 | 157 665 465 |
| | 174 682 117 | 186 932 659 |

The provision for post-retirement employee benefits recognised and disclosed will potentially change for the 2019/2020 financial year. The Municipality is currently finalising a Medical Funds Administration Policy to be approved by Council which invariably will impact the actuarial assumptions that informs the valuation and measurement of this provision.

Post-retirement and medical aid benefits

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% or 70% of the contribution payable should they be a member of a medical aid at retirement.

All continuation members and their eligible dependents receive a 60% or 70% subsidy.

Upon a member's death-in-service or death-in-retirement the surviving dependents will continue to receive the same subsidy.

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

- Bonitas
- Key Health
- Samwumed
- Hosmed
- LA Health

Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below.

Active members

| | | |
|---------------------------|---------------|---------------|
| Principal members | 314 | 330 |
| Average age | 46,4 | 45,6 |
| Average past service cost | R16,4 million | R15,5 million |

Continuation members

| | | |
|-------------------|------|------|
| Principle members | 149 | 149 |
| Average age | 71,9 | 72,1 |

The amounts recognised in the Statement of Financial Position are -
Projected benefit obligation

| | |
|--------------------|--------------------|
| 140 284 597 | 153 141 544 |
| 140 284 597 | 153 141 544 |

The obligation in respect of past services has been estimated as follows:

| | | |
|-----------------------|--------------------|--------------------|
| Active members | 47 859 045 | 70 444 126 |
| Continuation members | 92 425 552 | 82 697 418 |
| Net obligation | 140 284 597 | 153 141 544 |

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15. Employee benefits (continued)

The amounts recognised in the Statement of Financial Performance are

| | | |
|---|--------------------|------------------|
| Current service cost | 3 925 442 | 4 141 210 |
| Interest cost | 14 216 169 | 14 067 577 |
| Recognised actuarial (gains)/losses | (24 038 811) | (9 216 701) |
| Amount charged to Statement of Financial Performance | (5 897 200) | 8 992 086 |

The future service cost for the ensuing financial year is estimated to be R2 447 927, whereas the interest cost for the next year is estimated to be R12 578 906.

Movements in the present value of the defined benefit obligation were as follows:

| | | |
|--|--------------------|--------------------|
| Opening benefit obligation liability | 153 141 544 | 150 650 885 |
| Payments to members | (6 959 747) | (6 501 427) |
| Charge to Statement of Financial Performance | (5 897 200) | 8 992 086 |
| Closing benefit liability | 140 284 597 | 153 141 544 |

GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

The discount rate is calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield were taken from the bond yield curve at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

Key actuarial assumptions

| | | |
|-----------------------|-------|-------|
| Discount rate | 9,21% | 9,50% |
| Health care inflation | 6,71% | 7,34% |

Sensitivity Analysis on current-service and interest cost:

| Assumption | Change | Current service cost | Interest cost | Total | % change |
|--|--------|----------------------|---------------|------------|----------|
| Central Assumptions | | 3 925 400 | 14 216 200 | 18 141 600 | |
| Health care inflation | 1 % | 4 842 300 | 16 256 100 | 21 098 400 | 16 % |
| | -1 % | 3 211 200 | 12 530 800 | 15 742 000 | -13 % |
| Discount rate | 1 % | 3 258 800 | 13 897 600 | 17 156 400 | -5 % |
| | -1 % | 4 787 000 | 14 524 200 | 19 311 200 | 6 % |
| Post- retirement mortality | -1 yr | 4 043 800 | 14 723 200 | 18 767 000 | 3 % |
| Average retirement age | -1yr | 4 051 500 | 14 715 100 | 18 766 600 | 3 % |
| Continuation of membership at retirement | -10 % | 3 563 700 | 13 584 500 | 17 148 200 | -5 % |

Sensitivity analysis on the benefit liability:

| Assumption | Change | In service | Continuation | Total | % change |
|---------------------------|--------|------------|--------------|-------------|----------|
| Central assumptions | | 47 859 000 | 92 426 000 | 140 285 000 | |
| Health care inflation | +1 % | 57 616 000 | 101 795 000 | 159 411 000 | +14 % |
| | -1 % | 40 146 000 | 84 343 000 | 124 489 000 | -11 % |
| Discount rate | +1 % | 40 365 000 | 84 582 000 | 124 947 000 | -11 % |
| | -1 % | 57 464 000 | 101 655 000 | 159 119 000 | +13 % |
| Post-retirement mortality | -1 yr | 49 244 000 | 95 852 000 | 145 096 000 | +3 % |

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|--|-------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 15. Employee benefits (continued) | | | | | | |
| Average retirement age | -1 yr | 51 121 000 | 92 426 000 | 143 546 000 | +2 % | |
| Continuation of membership at retirement | -10 % | 41 981 000 | 92 426 000 | 134 406 000 | -4 % | |
| History of Liabilities and Experience Adjustments | | 30 June 2015 | 30 June 2016 | 30 June 2017 | 30 June 2018 | 30 June 2019 |
| Accrued liability | | 143 597 000 | 142 885 000 | 150 651 000 | 153 142 000 | 140 285 000 |
| Experience adjustment | | (6 068 000) | (9 608 000) | 14 017 000 | 221 000 | (2 278 000) |

In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Transport and Public Works, and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the Municipality. The future claim for roads staff for post employment medical aid has therefore been raised as an employee benefit asset.

Employee benefit asset

| | | |
|--------------------------------|-------------------|-------------------|
| Opening balance | 25 094 397 | 32 276 316 |
| Current service cost | 1 014 823 | 1 107 612 |
| Payment received from WCPG | (5 592 636) | (6 537 999) |
| Interest cost | 3 770 701 | 3 785 996 |
| Benefits paid | (1 692 888) | (2 355 678) |
| Interest on payments from WCPG | (1 577 296) | (708 354) |
| Actuarial loss / (gain) | (4 376 605) | (2 473 496) |
| | 16 640 496 | 25 094 397 |

Reconciliation of employee benefit asset

| | | |
|-------------------|-------------------|-------------------|
| Current asset | 2 632 167 | 2 416 597 |
| Non-current asset | 14 008 329 | 22 677 800 |
| | 16 640 496 | 25 094 397 |

The assumptions used by the actuaries to calculate the portion of the roads staff is the same as was used to calculate the amount recognised as post employment medical aid.

The amounts recognised as the current portion is equal to the amount as recognised in the valuation report for the respective financial years.

Ex-gratia benefits

The ex-gratia pensions are pensions that are paid by the Municipality from its revenue i.e. and are not funded or paid from one of the Municipality's formalised pension arrangements.

All employees who did not participate in the Municipality's formal pension funds are entitled to a Revenue Pension, which are sometimes referred to as "Ex-gratia" pensions.

Details of employees eligible for ex-gratia benefits are detailed below.

Members

| | | |
|--|---|---|
| In-service employee for ex-gratia pension | 7 | 8 |
| In-service employees eligible for lump sum benefit on retirement | 7 | 7 |
| Eligible former employees receiving ex-gratia pension | 1 | 1 |
| Eligible spouses receiving ex-gratia pension | 4 | 5 |

Average age in years

| | | |
|--|-------|-------|
| In-service employee for ex-gratia pension | 56,80 | 56,40 |
| In-service employees eligible for lump sum benefit on retirement | 55,10 | 54,10 |
| Eligible former employees receiving ex-gratia pension | 64,20 | 63,20 |
| Eligible spouses receiving ex-gratia pension | 77,40 | 83,60 |

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15. Employee benefits (continued)

The amount recognised in the Statement of Financial Position are:

| | | |
|------------------------------|-----------|-----------|
| Projected benefit obligation | 1 559 725 | 1 841 349 |
|------------------------------|-----------|-----------|

The amount recognised in the Statement of Financial Performance are:

| | | |
|------------------------------------|-----------------|------------------|
| Interest cost | 166 217 | 203 633 |
| Recognised actuarial (Gain) / Loss | (211 440) | (328 675) |
| | <u>(45 223)</u> | <u>(125 042)</u> |

The future service cost for the ensuing financial year is estimated to be R nil, whereas the interest cost for the next financial year is estimated to be R141 098.

GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

The rate is calculated by using a liability-weighted average of yields for the four components of the liability. For each of the four liability components, yields were determined by looking at the average term of the liability component and finding the fixed-interest and index-linked gilt yields at the relevant duration of the JSE (Best Decency) Zero Coupon bond yield curve.

Movements in the present value of the defined benefit obligation were as follows:

| | | |
|-----------------------------------|-------------------------|-------------------------|
| Opening benefit obligation | 1 841 350 | 2 275 313 |
| Payments to members | (236 401) | (308 921) |
| Actuarial (Gain) / Loss | (211 440) | (328 675) |
| Interest and service cost | 166 217 | 203 633 |
| Closing benefit obligation | <u>1 559 726</u> | <u>1 841 350</u> |

Key actuarial assumptions

| | | |
|-----------------------|--------|--------|
| Discount rate | 9,25 % | 9,27 % |
| CPI inflation rate | 5,26 % | 5,66 % |
| Salary inflation rate | 6,26 % | 6,66 % |

Sensitivity analysis on the benefit obligation:

| Assumption | Change | Employees | Pensioners | Total Liability | % change |
|---------------------------|--------|-----------|------------|-----------------|----------|
| Central Assumptions | | 1 492 963 | 66 762 | 1 559 725 | |
| Benefit Inflation rates | +1 % | 1 660 000 | 66 762 | 1 726 762 | 11 % |
| | -1 % | 1 350 025 | 66 762 | 1 416 787 | -9 % |
| Discount Rate | +1 % | 1 355 858 | 66 308 | 1 422 166 | -9 % |
| | -1 % | 1 655 219 | 67 259 | 1 722 478 | 10 % |
| Post-retirement mortality | -1yr | 1 527 422 | 67 099 | 1 594 521 | 2 % |
| Average retirement age | -1yr | 1 586 342 | 66 762 | 1 653 104 | 6 % |

Sensitivity analysis on the interest cost:

| Assumption | Change | Interest cost | % change |
|---------------------------|--------|---------------|----------|
| Central Assumptions | | 166 217 | |
| Benefit Inflation rates | +1 % | 183 670 | +11 % |
| | -1% | 151 321 | -9 % |
| Discount rate | +1 % | 167 950 | +1 % |
| | -1% | 163 738 | -1 % |
| Post-retirement mortality | -1 yr | 170 154 | +2 % |
| Average retirement age | -1 yr | 164 709 | -1 % |

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15. Employee benefits (continued)

| History of Liabilities, Assets and Experience Adjustments | 30 June 2015 | 30 June 2016 | 30 June 2017 | 30 June 2018 | 30 June 2019 |
|---|--------------|--------------|--------------|--------------|--------------|
| Accrued liability | 2 401 554 | 2 425 971 | 2 275 313 | 1 841 349 | 1 559 725 |
| Experience adjustment | (499 506) | 372 632 | 589 506 | (238 197) | (152 346) |

Long service awards

The Municipality offers employees a long service award for every five years of service completed from 10 years of service to forty five years of service.

Details of employees eligible for long service awards are detailed below.

| | | |
|----------------------|-----|-----|
| Members | 401 | 412 |
| Average age in years | 47 | 47 |

The amounts recognised in the Statement of Financial Position are:

| | | |
|------------------------------|------------|------------|
| Projected benefit obligation | 12 707 467 | 12 376 146 |
|------------------------------|------------|------------|

The amounts recognised in the Statement of Financial Performance are:

| | | |
|---|------------------|------------------|
| Current service cost | 773 500 | 756 213 |
| Interest cost | 948 265 | 904 840 |
| Recognised actuarial (gain) / losses | 931 850 | 595 447 |
| Amount charged to Statement of Financial Performance | 2 653 615 | 2 256 500 |

The future service cost for the ensuing financial year is estimated to be R812 495, whereas the interest cost for the next financial year is estimated to be R965 565.

GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

A discount rate of 8.11% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.11% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.95%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2019

A general earnings inflation rate of 5.53% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 2.44%.

Movements in the present value of the benefit obligation were as follows:

| | | |
|---|-------------------|-------------------|
| Opening benefit obligation | 12 376 146 | 11 403 388 |
| Payment to members (benefits vesting) | (2 322 294) | (1 283 742) |
| Actuarial (Gain) / Loss | 931 850 | 595 447 |
| Interest and service cost charged to Statement of Financial Performance | 1 721 765 | 1 661 053 |
| Closing benefit obligation | 12 707 467 | 12 376 146 |

Key actuarial assumptions

| | | |
|------------------------|-------|-------|
| Discount rate | 8,11% | 8,48% |
| Salary inflation | 5,53% | 6,11% |
| Average retirement age | 62 | 62 |



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15. Employee benefits (continued)

| Assumptions | Change | Liability | % change |
|--------------------------|--------|------------|----------|
| Central Assumptions | | 12 707 000 | |
| General salary inflation | +1% | 13 503 000 | +6% |
| | -1% | 11 987 000 | -8% |
| Discount rate | +1% | 11 956 000 | -6% |
| | -1% | 13 552 000 | 7% |
| Average retirement age | -2 yrs | 10 676 000 | -16% |
| | +2 yrs | 14 541 000 | 14% |
| Withdrawal rates | -50% | 14 228 000 | 12% |

| Assumption | Change | Current service cost | Interest cost | Total | % change |
|--------------------------|--------|----------------------|---------------|-----------|----------|
| Central assumptions | | 773 500 | 948 300 | 1 721 800 | |
| General salary inflation | 1 % | 836 200 | 1 009 900 | 1 846 100 | 7 % |
| | -1 % | 717 700 | 892 400 | 1 610 100 | -6 % |
| Discount rate | 1 % | 722 300 | 994 600 | 1 716 900 | - % |
| | -1 % | 831 900 | 894 400 | 1 726 300 | - % |
| Average retirement age | -2 yrs | 666 100 | 786 500 | 1 452 600 | -16% |
| | +2 yrs | 866 100 | 1 093 900 | 1 960 000 | 14 % |
| Withdrawal rates | -50% | 946 800 | 1 076 800 | 2 023 600 | 18 % |

| History of Liabilities and Experience Adjustments | 30 June 2015 | 30 June 2016 | 30 June 2017 | 30 June 2018 | 30 June 2019 |
|---|--------------|--------------|--------------|--------------|--------------|
| Accrued liability | 11 146 671 | 11 306 743 | 11 403 388 | 12 376 146 | 12 707 467 |
| Experience adjustment | 581 153 | 295 235 | 235 476 | 732 735 | 927 882 |

The Municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

a) LA Retirement Fund (Previously: Cape Joint Pension Fund)

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The scheme was established to provide benefits to employees. All existing members were given the option to transfer to Cape Joint Venture Fund before December 1990.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

Defined Benefit Scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1,776,181,000 (30 June 2017 : R1,859,077,000), with a net accumulated surplus of R63,423,000 (2017 : R46,989,000), with a funding level of 103.7% (30 June 2017 : 102.6%).

Defined Contribution Scheme

The actuarial valuation report at 30 June 2018 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R2,018,237,000 (30 June 2017 : R1,911,937,000), net investment reserve of R0 (30 June 2017 : R0) and with a funding level of 100% (2017 : 100%).

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15. Employee benefits (continued)

The actuary concluded that :

- The Pensioner account has a funding level of 103.7% with a surplus of R63.4 million and is in a sound financial condition as at the valuation date.
- There is a surplus of R63.4 million in The Defined Benefit Section excluding The surplus in The Pensioner Account. The surplus has been allocated to The Pensioner Account.
- The overall funding level in respect of the Defined Benefit Section including the Pensioner Account is 101.7% with a surplus of R63.0 million.
- The Defined Contribution Section has a funding level of 100% and is in a sound Financial condition.
- Overall the fund is in a sound financial condition with a surplus of R63.0 million and the overall funding level of 101.7%.
- The Trustees awarded a 3.22% pension increase effective 1 January 2019.

It is to be noted that :

- All the active members have now all been converted to the Defined Contribution Section.
- There is no longer any contribution rate shortfall as this only applied to 29 residual Defined Benefit Section active members, that have now also converted to the Defined Contribution Section; and
- Both the Defined Contribution Section and the Defined Benefit Section were fully funded as at the valuation date.

The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

b) Consolidated Retirement Fund for Local Government

The Cape Joint Retirement Fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 7.5% of basic salary, whilst the respective Local Authorities are contributing 19.5%.

The last statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R21,359,000,000 (30 June 2016: R20,075,000,000), with funding levels of 127.3% and 100% (30 June 2016 118.0% and 100%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2017 & 2016. The contribution rate paid by the members (7.50%/9%) and the municipalities (19.50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

c) The Municipal Workers Retirement Fund(Previously: SAMWU National Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948,000 (30 June 2011 : R6,574,75,00), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

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15. Employee benefits (continued)

d) The Municipal Councillors Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short moratorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months.

16. Accumulated surplus

Ring-fenced internal funds within accumulated surplus - 2019

| | Capital replacement reserve | Government grant reserve | Accumulated surplus | Total |
|---|-----------------------------|--------------------------|---------------------|--------------------|
| Opening balance | 63 730 623 | 4 943 302 | 555 655 869 | 624 329 794 |
| Surplus for the year | - | - | 50 875 813 | 50 875 813 |
| Property, plant and equipment purchases | (13 984 893) | - | 13 984 893 | - |
| Intangible assets purchases | (263 312) | - | 263 312 | - |
| Transfers from/ to reserve | 17 000 000 | - | (17 000 000) | - |
| | 66 482 418 | 4 943 302 | 603 779 887 | 675 205 607 |

Ring-fenced internal funds within accumulated surplus - 2018

| | Capital replacement reserve | Government grant reserve | Accumulated surplus | Total |
|---|-----------------------------|--------------------------|---------------------|--------------------|
| Opening balance | 67 282 825 | 3 594 019 | 534 417 975 | 605 294 819 |
| Surplus for the year | - | - | 19 034 976 | 19 034 976 |
| Property, plant and equipment purchases | (17 407 997) | 1 885 209 | 15 522 788 | - |
| Intangible assets purchases | (61 760) | - | 61 760 | - |
| Transfers from/ to reserve | 13 917 555 | - | (13 917 555) | - |
| Offsetting of depreciation | - | (535 926) | 535 926 | - |
| | 63 730 623 | 4 943 302 | 555 655 870 | 624 329 795 |

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

The comparative figures were restated. Refer to the prior period error note 31.

17. Service charges

| | | |
|-----------------------|---------|--------|
| Other service charges | 136 065 | 70 756 |
|-----------------------|---------|--------|

18. Rental of facilities and equipment

| | | |
|----------|---------|---------|
| Premises | 248 345 | 123 908 |
|----------|---------|---------|

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18. Rental of facilities and equipment (continued)

Included in the above rentals are operating lease rentals at straight-lined amounts of R - (2018: R -) as well as contingent rentals of R - (2018: R -).

19. Agency services

| | | |
|---|--------------------|-------------------|
| Department of Transport and Public Works | 108 552 545 | 94 845 342 |
| Working for Water (Department of Environmental Affairs) | - | 1 308 979 |
| | 108 552 545 | 96 154 321 |

The municipality has a service level agreement with the Department of Transport Western Cape for rendering of services regarding the roads function within the jurisdiction of the Cape Winelands District Municipality.

20. Other Income

| | | |
|-----------------------------------|------------------|------------------|
| Bad debt recovered | - | 7 |
| Brokerage | 56 666 | 18 127 |
| Electricity income (Eerste Begin) | 12 531 | 11 574 |
| Insurance income | 1 626 549 | 318 234 |
| Miscellaneous income | 3 160 | 3 784 |
| Municipal health income | 574 597 | 578 190 |
| Staff Recoveries | 466 434 | - |
| Admin fee (RRAMS) | 134 450 | 134 150 |
| LG SETA refund | 348 144 | 276 956 |
| Tender document income | 166 798 | 184 788 |
| | 3 389 329 | 1 525 810 |

21. Investment revenue

| | | |
|-------------------------|-------------------|-------------------|
| Interest on investments | 54 293 664 | 51 928 028 |
| | 54 293 664 | 51 928 028 |

22. Government grants and subsidies

Operating grants

| | | |
|---|--------------------|--------------------|
| Community development workers grant | 77 735 | 62 099 |
| Equitable share | 2 057 000 | 1 886 000 |
| Expanded Public Works | 1 391 000 | 1 000 000 |
| Local government financial management grant | 1 000 000 | 1 250 000 |
| Western Cape financial management capacity building grant | 81 281 | 226 772 |
| Integrated transport planning | 715 606 | 192 388 |
| Fire services capacity grant | - | 800 000 |
| Local government graduate internship grant | - | 95 000 |
| Western Cape financial management support grant | 280 000 | 634 960 |
| RSC Levy Replacement grant | 223 157 000 | 220 853 001 |
| Rural roads asset management system | 2 392 766 | 2 683 000 |
| Sandhills - toilet hire | 836 279 | 750 355 |
| | 231 988 667 | 230 433 575 |

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22. Government grants and subsidies (continued)

Unconditional

Included in above are the following unconditional grants and subsidies received:

| | | |
|----------------------------|--------------------|--------------------|
| Equitable share | 2 057 000 | 1 886 000 |
| RSC Levy Replacement grant | 223 157 000 | 220 853 001 |
| | 225 214 000 | 222 739 001 |

Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act108 of 1996) to the municipality by the National Treasury.

Community development workers grant

| | | |
|---|----------|---------------|
| Balance unspent at beginning of year | 77 735 | 65 835 |
| Current-year receipts | - | 74 000 |
| Conditions met - transferred to revenue | (77 735) | (62 100) |
| Other | - | - |
| | - | 77 735 |

Strategic Objective: Community Development and Planning Services.

To provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.

IDP support grant

| | | |
|--------------------------------------|----------|----------|
| Balance unspent at beginning of year | - | 1 473 |
| Refund of unspent portion | - | (1 473) |
| | - | - |

Strategic Objective: Office of the Municipal Manager.

Provide financial assistance to municipalities in support of their IDP reviews.

Integrated transport planning

| | | |
|---|----------------|----------------|
| Balance unspent at beginning of year | 707 612 | - |
| Current-year receipts | 900 000 | 900 000 |
| Conditions met - transferred to revenue | (715 606) | (192 388) |
| | 892 006 | 707 612 |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services.

The funds were utilised to review and update the Districts integrated transport policy.

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|-----------------|------|------|

22. Government grants and subsidies (continued)

Local government financial management grant

| | | |
|---|-------------|-------------|
| Balance unspent at beginning of year | - | - |
| Current-year receipts | 1 000 000 | 1 250 000 |
| Conditions met - transferred to revenue | (1 000 000) | (1 250 000) |
| Refund of unspent portion | - | - |
| | - | - |

Strategic Objective: Financial and Strategic Support Services.

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

This grant was mainly utilised to improve on the municipality's mSCOA implementation, audit outcome and to implement National Treasury's internship programme.

Municipal performance management grant

| | | |
|---|-----------|---------|
| Balance unspent at beginning of year | 236 100 | 236 100 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Refund of unspent portion | (236 100) | - |
| | - | 236 100 |

Strategic Objective: Office of the Municipal Manager.

To provide financial assistance to municipalities to ensure functional and compliant performance management systems.

Western Cape financial management support grant

| | | |
|---|-----------|-----------|
| Balance unspent at beginning of year | 895 040 | 1 050 000 |
| Current-year receipts | 480 000 | 480 000 |
| Conditions met - transferred to revenue | (280 000) | (634 960) |
| Refund of unspent portion | (200 000) | - |
| | 895 040 | 895 040 |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Support Services and Office of the Municipal Manager.

To provide financial assistance to municipalities to improve overall governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal outcomes and addressing institutional challenges.

The Municipality utilised the funds for mSCOA implementation and support as well as for the internship co-ordination guidance project. The funds that are available are committed for the District Asset Management framework development project and for audit activities training.

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|--|---------------|---------------|
| 22. Government grants and subsidies (continued) | | |
| Water and sanitation | | |
| Balance unspent at beginning of year | 35 560 | 35 560 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Refund of unspent portion | - | - |
| | <u>35 560</u> | <u>35 560</u> |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services

No funds were utilised during the 2017/2018 and 2018/2019 financial year, but the municipality will review its masterplans in the near future.

Municipal systems improvement grant

| | | |
|---|------------|------------|
| Balance unspent at beginning of year | 162 | 162 |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| | <u>162</u> | <u>162</u> |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Support Services.

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.

Tirelo Bosha: Public service improvement

| | | |
|--------------------------------------|-----------|----------------|
| Balance unspent at beginning of year | 235 369 | 235 369 |
| Refund of unspent portion | (235 369) | - |
| | <u>-</u> | <u>235 369</u> |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

To draw up an evidence-based strategy anchored within current policy and legislative mandates, which is enhanced by situated research and social dialogue to practically address the need for improved farm worker housing, access to services and tenure security on and off-farms within the Cape Winelands District.

Sandhills-toilet hire

| | | |
|---|-----------|-----------|
| Balance unspent at beginning of year | - | - |
| Current-year receipts | 836 279 | 750 355 |
| Conditions met - transferred to revenue | (836 279) | (750 355) |
| | <u>-</u> | <u>-</u> |

Strategic Objective: Technical Services.

The subsidy is allocated to the municipality by the Department of Transport and Public Works as a refund for temporary toilets hired in Sandhills.



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22. Government grants and subsidies (continued)

Expanded Public Works

| | | |
|---|-------------|-------------|
| Balance unspent at beginning of year | - | - |
| Current-year receipts | 1 391 000 | 1 000 000 |
| Conditions met - transferred to revenue | (1 391 000) | (1 000 000) |
| Refund of unspent portion | - | - |
| | - | - |

This grant incentivises the municipality to expand job creation efforts through the use of labour intensive delivery methods in various identified focus areas, in compliance with the Expanded Public Works Programme Guidelines

The grant contributed towards increased levels of employment in areas where unemployment is relatively high as well as providing work experience and gaining expertise through in house training.

Local government graduate internship grant

| | | |
|---|---------|----------|
| Balance unspent at beginning of year | 1 000 | 30 000 |
| Current-year receipts | - | 66 000 |
| Conditions met - transferred to revenue | - | (95 000) |
| Refund of unspent portion | (1 000) | - |
| | - | 1 000 |

Strategic Objective: Financial and Strategic Services (see note 13).

This grant provide financial assistance to municipalities in support of capacity building for the future by means of a graduate internship programme.

The aim of the grant is to address the shortage of administrative and institutional capability by providing opportunities to young unemployed graduates to gain practical workplace training, whilst assisting with capacity constraints within municipalities.

Western Cape financial management capacity building grant

| | | |
|---|----------|-----------|
| Balance unspent at beginning of year | 13 228 | 2 117 |
| Current-year receipts | 360 000 | 240 000 |
| Conditions met - transferred to revenue | (81 281) | (226 772) |
| Refund of unspent portion | (13 228) | (2 117) |
| | 278 719 | 13 228 |

Strategic Objective: Financial and Strategic Services (see note 13).

This grant provide financial assistance to municipalities to assist with financial management capacity building objectives that will result in the improvement in the availability, competency and skill of municipal financial officials within municipal areas towards sustainable municipal BTO capabilities.

Rural Roads Asset Management System grant

| | | |
|---|-------------|-------------|
| Balance unspent at beginning of year | - | 127 300 |
| Current-year receipts | 2 689 000 | 2 683 000 |
| Conditions met - transferred to revenue | (2 392 766) | (2 683 000) |
| Refund of unspent portion | - | (127 300) |
| | 296 234 | - |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services.

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22. Government grants and subsidies (continued)

The purpose is to assist rural district municipalities in setting up their road asset management systems and collect road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

Municipal Service Delivery and Capacity Building Grant

| | | |
|-----------------------|----------------|----------|
| Current-year receipts | 400 000 | - |
| | <u>400 000</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Services

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

Local Government Internship Grant

| | | |
|-----------------------|---------------|----------|
| Current-year receipts | 72 000 | - |
| | <u>72 000</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Services

The purpose of the grant is to provide financial assistance to municipalities in support of capacity building for the future by means of internship programme.

Safety Plan Implementation - WOSA

| | | |
|-----------------------|------------------|----------|
| Current-year receipts | 1 000 000 | - |
| | <u>1 000 000</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

To enable a resilient, sustainable, quality living environment through the operationalisation of a Safety Plan.

Fire service capacity grant

| | | |
|---|----------|-----------|
| Current-year receipts | - | 800 000 |
| Conditions met - transferred to revenue | - | (800 000) |
| Refund of unspent portion | - | - |
| | <u>-</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

This grant provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.



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23. Public contributions and donations

Reconciliation of conditional contributions

| | | |
|--------------------------------------|----------------|----------------|
| Balance unspent at beginning of year | 727 945 | 680 300 |
| Current-year receipts | - | 47 645 |
| | <u>727 945</u> | <u>727 945</u> |

Conditions still to be met - remain liabilities (see note 13)

| 2019 | Balance unspent at beginning of year | Current year receipts | Conditions met - transferred to revenue | Balance unspent at the end of the year |
|---------------------------------|--------------------------------------|-----------------------|---|--|
| Road station road Ceres | 277 831 | - | - | 277 831 |
| Upgrade of Rural Roads: De Novo | 450 114 | - | - | 450 114 |
| | <u>727 945</u> | <u>-</u> | <u>-</u> | <u>727 945</u> |
| 2018 | Balance unspent at beginning of year | Current year receipts | Conditions met - transferred to revenue | Balance unspent at the end of year |
| Road station road Ceres | 230 186 | 47 645 | - | 277 831 |
| Upgrade of Rural Roads: De Novo | 450 114 | - | - | 450 114 |
| | <u>680 300</u> | <u>47 645</u> | <u>-</u> | <u>727 945</u> |

24. Employee related costs

| | | |
|--|--------------------|--------------------|
| Basic | 108 785 319 | 103 297 944 |
| Bonus | 8 856 454 | 8 246 403 |
| Medical aid - company contributions | 11 487 497 | 10 886 845 |
| UIF | 751 215 | 779 899 |
| WCA | 880 728 | 1 021 854 |
| Leave pay provision charge | 849 051 | 2 024 338 |
| Student work | - | 1 472 326 |
| Defined contribution plans | 18 804 174 | 17 792 109 |
| Travel, motor car, accommodation, subsistence and other allowances | 12 950 799 | 12 943 032 |
| Overtime payments | 6 337 823 | 5 831 204 |
| Current service cost | 3 684 119 | 3 789 811 |
| Acting allowances | 197 826 | 282 599 |
| Actuarial loss/ (gain) | (18 941 796) | (6 476 434) |
| Housing benefits and allowances | 4 601 170 | 4 478 287 |
| Other allowances | 5 777 217 | 5 306 087 |
| Interest cost | 11 559 950 | 11 390 054 |
| Group schemes | 1 271 972 | 1 206 235 |
| Telephone | 634 922 | 605 353 |
| Performance bonus | 550 808 | 520 051 |
| | <u>179 039 248</u> | <u>185 397 997</u> |

| 2019 | Long service awards | Ex gratia | PRMA | Less: Funded asset | Total |
|--|---------------------|-----------------|--------------------|--------------------|--------------------|
| Current service cost | 773 500 | - | 3 925 442 | (1 014 823) | 3 684 119 |
| Interest cost | 948 265 | 166 217 | 14 216 169 | (3 770 701) | 11 559 950 |
| Net actuarial (gains)/ losses recognised | 931 850 | (211 440) | (24 038 811) | 4 376 605 | (18 941 796) |
| | <u>2 653 615</u> | <u>(45 223)</u> | <u>(5 897 200)</u> | <u>(408 919)</u> | <u>(3 697 727)</u> |

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24. Employee related costs (continued)

| 2018 | Long service awards | Ex gratia | PRMA | Less: Funded asset | Total |
|--|---------------------|------------------|------------------|--------------------|------------------|
| Current service cost | 756 213 | - | 4 141 210 | (1 107 612) | 3 789 811 |
| Interest cost | 904 840 | 203 633 | 14 067 577 | (3 785 996) | 11 390 054 |
| Net actuarial (gains)/ losses recognised | 595 447 | (328 675) | (9 216 701) | 2 473 495 | (6 476 434) |
| | <u>2 256 500</u> | <u>(125 042)</u> | <u>8 992 086</u> | <u>(2 420 113)</u> | <u>8 703 431</u> |

Remuneration of senior management

| 2019 | Basic salary | Car allowance | Performance bonuses | Contribution to UIF, medical and pension funds | Other | Total |
|---|------------------|----------------|---------------------|--|----------------|------------------|
| Municipal Manager (M. Mgajo) | - | - | 14 332 | - | - | 14 332 |
| Municipal Manager (H. Prins) | 1 387 523 | 258 000 | 82 963 | 54 834 | 13 800 | 1 797 120 |
| Chief Financial Officer | 604 896 | 240 000 | 123 584 | 160 664 | 453 209 | 1 582 353 |
| ED: Community development and planning services | 1 020 953 | 178 546 | - | 223 898 | 13 800 | 1 437 197 |
| ED: Technical services | 1 042 074 | 140 000 | 109 852 | 239 553 | 13 800 | 1 545 279 |
| | <u>4 055 446</u> | <u>816 546</u> | <u>330 731</u> | <u>678 949</u> | <u>494 609</u> | <u>6 376 281</u> |

| 2018 | Basic Salary | Car allowance | Contribution to UIF, medical and pension funds | Other | Total |
|---|------------------|----------------|--|----------------|------------------|
| Municipal Manager (M. Mgajo) | 97 452 | 10 964 | 25 666 | 28 106 | 162 188 |
| Municipal Manager (H. Prins) | 770 789 | 140 000 | 30 322 | 3 450 | 944 561 |
| Chief Financial Officer | 548 793 | 240 000 | 146 736 | 453 209 | 1 388 738 |
| ED: Community development and planning services | 978 022 | 178 546 | 217 347 | 13 800 | 1 387 715 |
| ED: Technical services | 999 139 | 120 000 | 228 430 | 13 800 | 1 361 369 |
| | <u>3 394 195</u> | <u>689 510</u> | <u>648 501</u> | <u>512 365</u> | <u>5 244 571</u> |

The following accrued to key management personnel in terms of GRAP 25 at year end:

| Staff leave | 2019 | 2018 |
|---|----------------|----------------|
| Municipal Manager | 112 192 | 71 193 |
| Chief Financial Officer | 57 959 | 60 661 |
| ED: Community Development and Planning Services | 34 776 | 11 029 |
| ED: Technical Services | 52 163 | 66 176 |
| | <u>257 090</u> | <u>209 059</u> |

Cape Winelands District Municipality
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25. Remuneration of councillors

| | | |
|-------------------|-------------------|-------------------|
| Executive Mayor | 1 051 128 | 1 011 752 |
| Deputy Mayor | 533 392 | 513 376 |
| Speaker | 849 782 | 817 737 |
| Other Councillors | 9 736 800 | 8 988 051 |
| | 12 171 102 | 11 330 916 |

| 2019 | Salaries | Contribution to medical and pension funds | Car allowance | Other | Total |
|-------------------|------------------|---|------------------|------------------|-------------------|
| Executive Mayor | 347 511 | 87 095 | 180 000 | 436 523 | 1 051 129 |
| Deputy Mayor | 410 691 | - | 122 701 | - | 533 392 |
| Speaker | 601 774 | 72 419 | 101 189 | 74 400 | 849 782 |
| Other Councillors | 7 032 479 | 272 573 | 1 765 741 | 666 000 | 9 736 793 |
| | 8 392 455 | 432 087 | 2 169 631 | 1 176 923 | 12 171 096 |

| 2018 | Salaries | Contribution to medical and pension funds | Car allowance | Other | Total |
|-------------------|------------------|---|------------------|------------------|-------------------|
| Executive Mayor | 314 725 | 80 504 | 180 000 | 436 523 | 1 011 752 |
| Deputy Mayor | 390 175 | - | 122 701 | 500 | 513 376 |
| Speaker | 574 041 | 68 106 | 101 190 | 74 400 | 817 737 |
| Other Councillors | 6 439 372 | 220 524 | 1 662 155 | 666 000 | 8 988 051 |
| | 7 718 313 | 369 134 | 2 066 046 | 1 177 423 | 11 330 916 |

The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

26. Depreciation and amortisation

| | | |
|-------------------------------|-------------------|-------------------|
| Property, plant and equipment | 11 420 466 | 9 677 976 |
| Intangible assets | 337 558 | 334 983 |
| | 11 758 024 | 10 012 959 |

27. Finance costs

| | | |
|----------------|---|----|
| Finance leases | - | 91 |
|----------------|---|----|

28. Debt impairment

| | | |
|--------------------------|---------------|--------------------|
| Debt impairment | 55 718 | - |
| Debt impairment reversal | - | (2 187 943) |
| | 55 718 | (2 187 943) |

Cape Winelands District Municipality
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|---|-------------------|-------------------|
| 29. General expenses | | |
| Achievements and awards | 259 173 | 274 020 |
| Advertising, publicity and marketing | 3 196 313 | 3 798 819 |
| Assets less than the capitalisation threshold | 53 588 | 191 897 |
| Bank charges, facility and card fees | 27 408 | 56 877 |
| Bargaining council | 49 228 | 48 568 |
| Bursaries (employees) | 31 433 | 108 715 |
| Communications | 4 002 205 | 4 179 267 |
| Courier and delivery services | 57 181 | 36 186 |
| Deeds | 2 915 | 1 592 |
| Drivers licenses and permits | 16 840 | 22 442 |
| External computer services | 7 238 390 | 8 149 199 |
| Full time union representatives | 165 435 | 170 608 |
| Hire charges | 18 458 780 | 15 614 966 |
| Insurance underwriting | 996 575 | 1 308 498 |
| Licenses | 125 240 | 123 001 |
| Municipal services | 5 917 121 | 5 899 449 |
| Parking fees | 1 250 | 1 000 |
| Printing and stationery | 1 066 805 | 1 817 598 |
| Printing, publication and books | 566 796 | 327 986 |
| Refreshments | 280 630 | 372 469 |
| Professional bodies, membership and subscription | 1 841 046 | 1 863 899 |
| Registration fees | 147 656 | 303 502 |
| Road worthy test | 14 756 | 17 571 |
| Skill development fund levy | 1 625 575 | 1 551 349 |
| Tollgate fees | 186 151 | 214 752 |
| Transport provided as part of departmental activities | 2 691 500 | 2 753 337 |
| Travel agency and visas | 9 756 | 5 419 |
| Travel and subsistence | 2 355 540 | 2 268 632 |
| Uniforms and protective clothing | 962 349 | 1 198 066 |
| Vehicle tracking | 163 843 | 256 083 |
| Wet fuel | 8 533 972 | 7 451 364 |
| Chemicals | 430 786 | 452 348 |
| Cleaning Materials | 121 747 | 155 962 |
| Materials and supplies | 23 187 997 | 16 680 775 |
| Auditors remuneration | 3 351 296 | 2 893 425 |
| Fines and penalties | - | 3 000 |
| Medical expenses | 408 | - |
| Entertainment | 38 322 | 38 700 |
| Consumables | 414 068 | 542 320 |
| | 88 590 074 | 81 153 661 |
| 30. Auditors' remuneration | | |
| Fees | 3 351 296 | 2 893 425 |

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31. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications had on the amount previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amount involved.

Statement of Financial Position

| | Audited | Prior year error | Reclassifications | Restated |
|--|--------------------|--------------------|-------------------|--------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 616 034 060 | - | - | 616 034 060 |
| Trade receivables from exchange transactions | 14 649 | - | - | 14 649 |
| Other receivables from exchange transactions | 25 427 179 | 63 644 | - | 25 490 823 |
| Receivables from non-exchange transactions | 69 458 | - | - | 69 458 |
| Inventories | 1 792 879 | 567 014 | - | 2 359 893 |
| VAT receivable | 5 019 283 | (1 743 639) | - | 3 275 644 |
| Employee benefit asset | 2 416 597 | - | - | 2 416 597 |
| | 650 774 105 | (1 112 981) | - | 649 661 124 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 147 850 488 | 3 362 978 | - | 151 213 466 |
| Intangible assets | 780 874 | (146 184) | - | 634 690 |
| Employee benefit asset | 22 677 800 | - | - | 22 677 800 |
| | 171 309 162 | 3 216 794 | - | 174 525 956 |
| Non-Current Assets | 171 309 162 | 3 216 794 | - | 174 525 956 |
| Current Assets | 650 774 105 | (1 112 981) | - | 649 661 124 |
| Total Assets | 822 083 267 | 2 103 813 | - | 824 187 080 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Payables from exchange transactions | 9 908 332 | 44 842 | - | 9 953 174 |
| Unspent conditional grants and receipts | 2 929 750 | - | - | 2 929 750 |
| Operating lease liability | 13 605 | - | - | 13 605 |
| Provisions | 21 620 | - | - | 21 620 |
| Employee benefit obligation | 29 267 194 | - | - | 29 267 194 |
| | 42 140 501 | 44 842 | - | 42 185 343 |
| Non-Current Liabilities | | | | |
| Operating lease liability | 6 477 | - | - | 6 477 |
| Employee benefit obligation | 157 665 465 | - | - | 157 665 465 |
| | 157 671 942 | - | - | 157 671 942 |
| Non-Current Liabilities | 157 671 942 | - | - | 157 671 942 |
| Current Liabilities | 42 140 501 | 44 842 | - | 42 185 343 |
| Total Liabilities | 199 812 443 | 44 842 | - | 199 857 285 |
| Net Assets | 622 270 824 | 2 058 971 | - | 624 329 795 |
| Net Assets | | | | |
| Accumulated surplus | 622 270 824 | 2 058 971 | - | 624 329 795 |

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| Figures in Rand | 2019 | 2018 |
|-----------------|------|------|
|-----------------|------|------|

31. Prior period errors (continued)

31.1 Other receivables from exchange transactions

| | |
|-------------------------------------|-------------------|
| Balance previously reported | 25 427 179 |
| Other receivables | 4 773 |
| Councillor overpayment (2016/2017)* | 26 761 |
| Councillor overpayment (2017/2018)* | 32 110 |
| | 25 490 823 |

A correction was made due to an amount received for a cancellation of a flight ticket that was paid and cancelled during the 2017/2018 financial year, the credit note was only received during the 2018/2019 financial year.

Additional disclosure: Consumer debtors impaired- The prior year amount disclosed for 121 days and more was restated from R32 747 to R35 185.

*During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. The municipality raised the debtor in 2018/2019 for all applicable financial years in which the councillor was overpaid. The correction was made to ensure that the debtor is raised in the correct period that the overpayment was made.

31.2 Inventories

| | |
|-----------------------------|------------------|
| Balance previously reported | 1 792 879 |
| Consumables | 567 014 |
| | 2 359 893 |

A journal was incorrectly processed in the 2017/2018 financial year resulting in consumables of the amount of R 283 507 to be included to the inventory balance. The error was corrected by processing a journal to add the stock, that was previously incorrectly processed.

31.3 VAT receivable

| | |
|-------------------------------|------------------|
| Balance previously reported | 5 019 283 |
| VAT on admin fee roads agency | (1 565 933) |
| Accruals | (3 125) |
| Contracted services* | (169 240) |
| General expenditure* | (5 341) |
| | 3 275 644 |

The administration fee on the Roads function was incorrectly recorded as inclusive of VAT in the 2017/2018 financial year and not paid over to SARS. The Municipality however paid the outstanding amount to SARS during the 2018/2019 financial year.

An accrual was raised in the 2017/2018 financial year for software expenditure. The service provider however wrote off the invoice in the 2018/2019 financial year.

*The South African Revenue Services (SARS) identified six tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the April 2018, May 2018 and June 2018 VAT periods. These amounts were incorrectly included during the 2017/2018 financial year as part of the VAT Receivable. An amount of R 169 240 relates to contracted service and R5 341 to general expenditure.

31.4 Property, plant and equipment

| | |
|--|--------------------|
| Balance previously reported | 147 850 489 |
| Depreciation: Buildings | 23 |
| Depreciation: Estimated useful life correction | 3 362 954 |
| | 151 213 466 |



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31. Prior period errors (continued)

The prior adjustment is due to rounding differences between the import of the buildings file and the calculation of the depreciation of the system.

The Municipality assessed the fully depreciated assets in 2018/2019. During our assessment in the 2018/2019 financial year we identified an error of incorrectly recorded useful life of certain assets and it has been subsequently corrected. The error impacted the opening balance of the Accumulated depreciation of Furniture and fittings (R756 974.70), Motor Vehicles (R482 917.77), Office Equipment (R1 291 368.39), Plant and Equipment (R176 521.96), Infrastructure (R400 928.53) and other Plant and equipment (R14 883.76) and the opening balance of Accumulated surplus of the 2017/2018 financial year of R3 123 595.12. The error also impacted the depreciation for 2017/2018 financial year of Furniture and fittings (-R20 722.86), Motor Vehicles (R22 327.61), Office Equipment (-R250 682.41), Plant and Equipment (R6 456.47), Infrastructure (R6 354.70) and other Plant and equipment (-R3 093.63) and the surplus of the 2017/2018 financial year of R239 360.11.

31.5 Intangible assets

| | |
|---|----------------|
| Balance previously reported | 780 874 |
| Intangible: Opening Balance adjustment due to Disposal* | (181 087) |
| Intangible: Opening Balance adjustment due to Amortisation roll-back* | 50 558 |
| Intangible: Adjustment to Amortisation 2017/18* | 68 205 |
| Intangible: Adjustment to loss on disposal 2017/18* | (83 860) |
| | 634 690 |

*Intangible assets expired during the 2015/2016 and 2017/2018 financial years was not disposed during the relevant financial periods and this has been corrected during the 2018/2019 financial year. The error impacted the cost of the Intangible assets (R 401 769.53), accumulated depreciation (R 255 586.39), accumulated surplus (R 146 183) and the surplus (R 152 064.23) . The surplus for 2017/2018 consists of a correction to amortisation of R 68 205.25 and loss on disposal of assets of R 83 858.98.

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|---|------|------------------|
| 31. Prior period errors (continued) | | |
| 31.6 Payables from exchange transactions | | |
| Balance previously reported | | 9 908 332 |
| Accruals | | (25 445) |
| SALGA: Debtor | | 70 287 |
| | | 9 953 174 |

An invoice raised was an accrual in the 2017/ 2018 financial year and service provider however wrote off the invoice in the 2018/2019 financial year and the accrual was reversed.

A balance raised for a SALGA debtor for the 2017/2018 financial year was incorrectly processed. The outstanding amount was paid as part of the SALGA payment for the 2017/2018 financial year and a debtor should not been raised. The debtor was also disclosed as part of payables which were incorrect.

31.7 Accumulated surplus

| | |
|--|--------------------|
| Balance previously reported | 622 270 824 |
| Accumulated Depreciation: Estimated useful life correction** | 3 123 594 |
| Depreciation: Estimated useful life correction** | 239 362 |
| Trade receivables from exchange transactions | 4 772 |
| VAT: Admin Fee roads agency | (1 565 933) |
| Inventory | 567 015 |
| VAT: Accruals*** | (3 125) |
| Accruals 2017/2018 (External computer services)*** | 25 444 |
| Depreciation: Buildings | 23 |
| VAT: Contracted services**** | (169 240) |
| VAT: General expenditure**** | (5 343) |
| SALGA: Debtor | (70 287) |
| Intangible: Opening Balance adjustment due to Disposal ***** | (181 087) |
| Intangible: Opening Balance adjustment due to Amortisation roll-back ***** | 50 558 |
| Intangible: Adjustment to Amortisation 2017/18 ***** | 68 205 |
| Intangible: Adjustment to loss on disposal 2017/18 ***** | (83 859) |
| Councillor overpayment (2016/2017)***** | 26 761 |
| Councillor overpayment (2017/2018)***** | 32 111 |
| | 624 329 795 |

**The Municipality assessed the fully depreciated assets in 2018/2019. During our assessment in the 2018/2019 financial year we identified an error of incorrectly recorded useful life of certain assets and it has been subsequently corrected. The error impacted the opening balance of the Accumulated depreciation of Furniture and fittings (R756 974.70), Motor Vehicles (R482 917.77), Office Equipment (R1 291 368.39), Plant and Equipment (R176 521.96), Infrastructure (R400 928.53) and other Plant and equipment (R14 883.76) and the opening balance of Accumulated surplus of the 2017/2018 financial year of R3 123 595.12. The error also impacted the depreciation for 2017/2018 financial year of Furniture and fittings (-R20 722.86), Motor Vehicles (R22 327.61), Office Equipment (-R250 682.41), Plant and Equipment (R6 456.47), Infrastructure (R6 354.70) and other Plant and equipment (-R3 093.63) and the surplus of the 2017/2018 financial year of R239 360.11.

A correction was made due to an amount received for a cancellation of a flight ticket that was paid and cancelled during the 2017/2018 financial year, the credit note was only received during the 2018/2019 financial year.

The administration fee on the Roads function was incorrectly recorded as inclusive of VAT in the 2017/2018 financial year and not paid over to SARS. The Municipality however paid the outstanding amount to SARS during the 2018/2019 financial year.

A journal was incorrectly processed in the 2017/2018 financial year resulting in consumables of the amount of R 283 507 to be included to the inventory balance. The error was corrected by processing a journal to add the stock, that was previously incorrectly processed.

***An accrual was raised in the 2017/2018 financial year for software expenditure. The service provider however wrote off the invoice in the 2018/2019 financial year.

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31. Prior period errors (continued)

The prior adjustment is due to rounding differences between the import of the buildings file and the calculation of the depreciation of the system.

****The South African Revenue Services (SARS) identified six tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the April 2018, May 2018 and June 2018 VAT periods. These amounts were incorrectly included during the 2017/2018 financial year as part of the VAT Receivable. An amount of R 169 240 relates to contracted service and R5 341 to general expenditure.

A balance raised for a SALGA debtor for the 2017/2018 financial year was incorrectly processed. The outstanding amount was paid as part of the SALGA payment for the 2017/2018 financial year and a debtor should not been raised. The debtor was also disclosed as part of payables which were incorrect.

*****Intangible assets expired during the 2015/2016 and 2017/2018 financial years was not disposed during the relevant financial periods and this has been corrected during the 2018/2019 financial year. The error impacted the cost of the Intangible assets (R 401 769.53), accumulated depreciation (R 255 586.39), accumulated surplus (R 146 183) and the surplus (R 152 064.23) . The surplus for 2017/2018 consists of a correction to amortisation of R 68 205.25 and loss on disposal of assets of R 83 858.98.

*****During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. The municipality raised the debtor in 2018/2019 for all applicable financial years in which the councillor was overpaid. The correction was made to ensure that the debtor is raised in the correct period that the overpayment was made.

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Notes to the Financial Statements

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31. Prior period errors (continued)
Statement of Financial Performance

| | Audited | Prior year error | Reclassification s | Restated |
|---|----------------------|--------------------|-----------------------|----------------------|
| Revenue | | | | |
| Revenue from exchange transactions | | | | |
| Service charges | 70 756 | - | - | 70 756 |
| Rental of facilities and equipment | 123 908 | - | - | 123 908 |
| Agency services | 97 720 254 | (1 565 933) | - | 96 154 321 |
| Other income | 1 525 810 | - | - | 1 525 810 |
| Interest received - investment | 51 928 028 | - | - | 51 928 028 |
| Total revenue from exchange transactions | 151 368 756 | (1 565 933) | - | 149 802 823 |
| Revenue from non-exchange transactions | | | | |
| Transfer revenue | | | | |
| Government grants and subsidies | 230 433 575 | - | - | 230 433 575 |
| Fines, Penalties and Forfeits | 2 000 | - | - | 2 000 |
| Total revenue from non-exchange transactions | 230 435 575 | - | - | 230 435 575 |
| | 151 368 756 | (1 565 933) | - | 149 802 823 |
| | 230 435 575 | - | - | 230 435 575 |
| Total revenue | 381 804 331 | (1 565 933) | - | 380 238 398 |
| Expenditure | | | | |
| Employee related costs | (185 397 997) | - | - | (185 397 997) |
| Remuneration of councillors | (11 363 026) | 32 110 | - | (11 330 916) |
| Depreciation and amortisation | (10 320 548) | 307 589 | - | (10 012 959) |
| Finance costs | (91) | - | - | (91) |
| Debt impairment reversal | - | - | 2 187 943 | 2 187 943 |
| Debt impairment | 2 187 943 | - | (2 187 943) | - |
| Bad debt written off | (2 257 634) | - | - | (2 257 634) |
| Contracted services | (50 123 794) | (169 240) | - | (50 293 034) |
| Lease rentals on operating lease | (484 240) | - | - | (484 240) |
| Transfers and subsidies | (13 495 524) | - | - | (13 495 524) |
| General Expenses | (81 672 138) | 518 478 | - | (81 153 660) |
| Total expenditure | (352 927 049) | 688 937 | - | (352 238 112) |
| | - | - | - | - |
| Total revenue | 381 804 331 | (1 565 933) | - | 380 238 398 |
| Total expenditure | (352 927 049) | 688 937 | - | (352 238 112) |
| Operating surplus | 28 877 282 | (876 996) | - | 28 000 286 |
| Loss on disposal of assets and liabilities | (8 881 450) | (83 859) | - | (8 965 309) |
| Surplus for the year | 19 995 832 | (960 855) | - | 19 034 977 |



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|-----------------|------|------|
|-----------------|------|------|

31. Prior period errors (continued)

31.8 Agency services

| | |
|-----------------------------|-------------------|
| Balance previously reported | 97 720 254 |
| VAT: Admin fee | (1 565 933) |
| | <u>96 154 321</u> |

The administration fee on the Roads function was incorrectly recorded as inclusive of VAT in the 2017/2018 financial year and not paid over to SARS. The Municipality however paid the outstanding amount to SARS during the 2018/2019 financial year.

31.9 Remuneration of councillors

| | |
|-----------------------------|-------------------|
| Balance previously reported | 11 363 026 |
| Councillor overpayment | (32 110) |
| | <u>11 330 916</u> |

During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. The municipality raised the debtor in 2018/2019 for all applicable financial years in which the councillor was overpaid. The correction was made to ensure that the debtor is raised in the correct period that the overpayment was made.

31.10 Depreciation and amortisation

| | |
|--|---------------------|
| Balance previously reported | (10 320 548) |
| Buildings: Depreciation | 23 |
| Depreciation: Estimated useful life correction | 239 361 |
| Depreciation intangible assets written back | 68 205 |
| | <u>(10 012 959)</u> |

The prior adjustment is due to rounding differences between the import of the buildings file and the calculation of the depreciation by the system.

The Municipality assessed the fully depreciated assets in 2018/2019. During our assessment in the 2018/2019 financial year we identified an error of incorrectly recorded useful life of certain assets and it has been subsequently corrected. The error impacted the opening balance of the Accumulated depreciation of Furniture and fittings (R756 974.70), Motor Vehicles (R482 917.77), Office Equipment (R1 291 368.39), Plant and Equipment (R176 521.96), Infrastructure (R400 928.53) and other Plant and equipment (R14 883.76) and the opening balance of Accumulated surplus of the 2017/2018 financial year of R3 123 595.12. The error also impacted the depreciation for 2017/2018 financial year of Furniture and fittings (-R20 722.86), Motor Vehicles (R22 327.61), Office Equipment (-R250 682.41), Plant and Equipment (R6 456.47), Infrastructure (R6 354.70) and other Plant and equipment (-R3 093.63) and the surplus of the 2017/2018 financial year of R239 360.11.

Intangible assets expired during the 2015/2016 and 2017/2018 financial year was omitted. An error existed in that the assets had to be disposed during 2015/2016 and 2017/2018 financial year respectively. The error impacted the cost of the Intangible assets (R 401 769.53), accumulated amortisation (R 255 586.39), accumulated surplus (R 146 183.14) and the surplus (R 152 064.23). The surplus for 2017/2018 consists of a correction to depreciation of R 68 205.25 and loss on disposal of assets of R 83 858.98.

31.11 Debt impairment reversal

| | |
|--|------------------|
| Balance previously reported | - |
| Reclassified as Debt impairment reversal | 2 187 943 |
| | <u>2 187 943</u> |

The amount written back for Debt impairment for the 2017/2018 financial year was reclassified as Debt impairment reversal on the Statement of Financial Performance to ensure a more accurate disclosure.



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| Figures in Rand | 2019 | 2018 |
|--|------|-------------|
| 31. Prior period errors (continued) | | |
| 31.12 Debt impairment | | |
| Balance previously reported | | 2 187 943 |
| Reclassified as Debt impairment reversal | | (2 187 943) |
| | | - |

The amount written back for Debt impairment for the 2017/2018 financial year was reclassified as Debt impairment reversal on the Statement of Financial Performance to ensure a more accurate disclosure.

31.13 Contracted services

| | |
|---------------------------------|--------------|
| Balance previously reported | (50 123 794) |
| Business and advisory services* | (64 477) |
| Laboratory service* | (74 758) |
| Fire services* | (7 230) |
| Employee wellness* | (22 775) |
| | (50 293 034) |

*The South African Revenue Services (SARS) identified six tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the April 2018, May 2018 and June 2018 VAT periods. These amounts were incorrectly included during the 2017/2018 financial year.

31.14 General Expenses

| | |
|--|--------------|
| Balance previously reported | (81 672 138) |
| Printing, publications and books* | 208 115 |
| Advertising, publicity and marketing* | 358 900 |
| Travel and subsistence | 4 772 |
| Advertising, publicity and marketing | (5 343) |
| Professional and Regulatory Bodies (SALGA) | (70 287) |
| Materials and supplies* | (207 301) |
| Assets less than the capitalisation threshold* | 207 301 |
| External computer services | 22 321 |
| | (81 153 660) |

*A journal was incorrectly processed in the 2017/2018 financial year resulting in consumables of the amount of R 283 507 to be included to the inventory balance. The error was corrected by processing a journal to add the stock, that was previously incorrectly processed.

A correction was made due to a credit note received for a cancellation of a flight ticket that was paid and cancelled during the 2017/2018 financial year, the credit note was only received during the 2018/2019 financial year.

The South African Revenue Services (SARS) identified six tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the April 2018, May 2018 and June 2018 VAT periods. These amounts were incorrectly included during the 2017/2018 financial year.

A balance raised for a SALGA debtor for the 2017/2018 financial year was incorrectly processed. The outstanding amount was paid as part of the SALGA payment for the 2017/2018 financial year and a debtor should not have been raised. The debtor was also disclosed as part of payables which were incorrect.

*A reclassification was made on the fire fighting's fire hoses and related items in general expenditure from assets less than capitalisation threshold to materials and supplies. This is due to the use of the items being consumed during the rendering of the service and replaced regularly.

An accrual was raised in the 2017/2018 financial year for software expenditure. The service provider however wrote off the invoice in the 2018/2019 financial year.

Cape Winelands District Municipality
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|-----------------|------|------|
|-----------------|------|------|

31. Prior period errors (continued)

31.15 Loss on disposal of assets

| | | |
|---|---|-------------|
| Balance previously reported | - | (8 881 450) |
| Depreciation intangible assets written back | - | (83 859) |
| | - | (8 965 309) |

Intangible assets expired during the 2015/2016 and 2017/2018 financial years was not disposed during the relevant financial periods and this has been corrected during the 2018/2019 financial year. The error impacted the cost of the Intangible assets (R 401 769.53), accumulated amortisation (R 255 586.39), accumulated surplus (R 146 183.14) and the a surplus (R 152 064.23) . The surplus for 2017/2018 consists of a correction to depreciation of R 68 205.25 and loss on disposal of assets of R 83 858.98.

31. 20 Additional disclosure

Financial instruments (Note 33)

The comparative amounts that were disclosed in the 2018/2019 financial instruments disclosure note number 33 were amended from the amounts disclosed in the 2017/2018 financial statements. This was due to the correction of errors as included in note 31 relating to Other receivables from exchange transactions (note 31.1) and Payables from exchange transactions (note 31.8).

Irregular expenditure (Note 37)

| | | |
|----------------------------------|---|---------|
| Balance previously reported | - | 161 465 |
| Correction of prior period error | - | 135 013 |
| | - | 296 478 |

Two cases where goods and services were acquired without following adequate processes in terms of the Supply Chain Management Policy of the Municipality that was detected during the 2017/2018 audit and dealt with as uncorrected misstatements until further clarity could be obtained. It relates to a human error in the application of the PPPFA Regulations where the incorrect B-BBEE certificate were utilised during the evaluation in terms of price and the preference points system for the installation of an alarm system. Also, additional costs for training were incurred without following adequate procurement processes.

Additional disclosure in terms of the Municipal Finance Management Act (MFMA): Contributions to organised local government (Note 38.1)

The Municipality received an invoice from SALGA in the 2018/2019 financial year that relates to the 2017/2018 financial year. This invoice was not previously corrected to the 2017/2018 SALGA debtor to the amount of R40 864. This led to general expenditure previously being understated to the amount of R40 864.

Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b). (Note 40.1)

| | | |
|----------------------------------|---|-----------|
| Balance previously reported | - | 9 316 908 |
| Correction of prior period error | - | (649 800) |
| | - | 8 667 108 |

The amounts for the supply, delivery, installation and commissioning of three (3) digital colour copier/multifunctional devices were erroneously included in the 2017/2018 financial year and subsequently corrected.

Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. (Note 40.2)

| | | |
|--------------------------------|---|-----------|
| Balance as previously reported | - | 5 873 593 |
|--------------------------------|---|-----------|

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|--|----------|------------------|
| 31. Prior period errors (continued) | | |
| Faure and Faure Incorporated | - | (4 560) |
| S Pietersen t/a SP Health and Sanitation | - | (90 000) |
| | <u>-</u> | <u>5 779 033</u> |

In the case of Faure and Faure, the amounts were erroneously included and in the case of S Pietersen t/a SP Health and Sanitation, the relevant parent retired in 2015, therefore the disclosure of the 2017/2018 financial year was adjusted.

Councillor' amounts outstanding in respect of overpayment of remuneration due to upward change in grading (Note 38.6)

| | | |
|--------------------------------|----------|---------------|
| Balance as previously reported | - | 37 113 |
| Restatement: Cllr. P. Hess | - | 58 871 |
| | <u>-</u> | <u>95 984</u> |

During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. The municipality raised the debtor in 2018/2019 for all applicable financial years in which the councillor was overpaid. The correction was made to ensure that the debtor is raised in the correct period that the overpayment was made.

32. Cash generated from operations

| | | |
|--|-------------------|-------------------|
| Surplus | 50 875 813 | 19 034 976 |
| Adjustments for: | | |
| Depreciation and amortisation | 11 758 024 | 10 012 959 |
| Loss on sale of assets and liabilities | 881 488 | 8 965 309 |
| Finance costs - Finance leases | - | 91 |
| Debt impairment | 55 718 | - |
| Debt impairment reversal | - | (2 187 943) |
| Movements in operating lease assets and accruals | (20 082) | (11 257) |
| Movements in retirement benefit assets and liabilities | (3 796 641) | 12 055 176 |
| Movements in provisions | (8 149) | (57 944) |
| Inventory write off | 43 355 | - |
| Changes in working capital: | | |
| Other receivables from exchange transactions | (4 513 603) | (9 748 411) |
| Trade Receivables from exchange transactions | (75 839) | 2 470 870 |
| Other receivables from non-exchange transactions | (3 796) | 190 366 |
| Payables from exchange transactions | (5 508 026) | (920 223) |
| VAT | 3 165 018 | 1 770 614 |
| Unspent conditional grants and receipts | 1 667 916 | 465 534 |
| Inventories | (215 713) | (295 183) |
| | <u>54 305 483</u> | <u>41 744 934</u> |

33. Financial Instruments

Financial risk management

The accounting policy for financial instruments were applied to the following Statement of Financial Position items:

Financial assets at amortised cost

| | | |
|--|--------------------|--------------------|
| Trade receivables from exchange transactions | 34 770 | 14 649 |
| Other receivables from exchange transactions | 26 381 999 | 22 073 885 |
| Receivables from non-exchange transactions | 73 254 | 69 458 |
| Cash and Cash equivalents | 656 290 226 | 616 034 060 |
| | <u>682 780 249</u> | <u>638 192 052</u> |

Financial liabilities at amortised cost

| | | |
|-------------------------------------|-----------|-----------|
| Payables from exchange transactions | 4 445 148 | 9 953 174 |
|-------------------------------------|-----------|-----------|

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|--|------------------|------------------|
| 33. Financial Instruments (continued) | | |
| Operating lease liability | - | 20 082 |
| | 4 445 148 | 9 973 256 |

Refer to notes 4, 5 and 8 for additional disclosures.

Liquidity risk

The Municipality has limited exposure to liquidity risk and is able to meet its financial obligations as it falls due. The Municipality limits exposure to liquidity risk by ensuring all liabilities are cash backed.

The following are contractual maturities of financial assets and liabilities.

| At 30 June 2019 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|-------------------------------------|-----------------------------|----------------------------------|----------------------------------|---------------------|
| Payables from exchange transactions | 4 445 148 | - | - | - |
| At 30 June 2018 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Payables from exchange transactions | 9 953 174 | - | - | - |
| Operating lease liability | 13 605 | 6 477 | - | - |

Credit risk

Credit risk consists mainly of cash and cash equivalents. The municipality only deposits cash with multiple banks, limiting exposure to any one counter-party.

The carrying amount of receivables and cash and cash equivalents represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| Financial assets at amortised cost | 2019 | 2018 |
|--|-------------|-------------|
| Other receivables from exchange transactions | 26 381 999 | 22 073 885 |
| Trade receivables from exchange transactions | 34 770 | 14 649 |
| Cash and cash equivalents | 656 290 226 | 616 034 060 |
| Receivables from non-exchange transactions | 73 254 | 69 458 |

Fair Values

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the statement of financial position.

There were no changes in the Municipality's approach to financial risk management from the prior year.

Interest rate risk

The Municipality's exposure to interest rate risk and effective interest rate on financial instruments at balance sheet date are as follows:

The council has no outstanding loans as at 30 June 2019 (2018: R nil). The average interest rate on investments is 8.26% (2018: 8.15%). The Municipality invest with multiple banks with varying interest rates linked to the prime rate.

Market risk

It is the risk that changes in market prices, such as foreign currency exchange rates and interest rates that will affect the Municipality's projected income. The Municipality does not hold any assets that are impacted by changes in the market.

Foreign currency risk is deemed to be minimal as very few foreign currency transactions are conducted.

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|-----------------|------|------|

33. Financial Instruments (continued)

There were no changes in the Municipality's approach to financial risk management from the prior year.

34. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 675 205 607 (2018: R 652 879 140) and that the municipality's total assets exceed its total liabilities by R 675 205 607 (2018: R 652 879 140).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

With the abolishment of the Regional Services Council Levies on 30 June 2006, the Cape Winelands District Municipality is dependent on Government Grants, including the Equitable Share, for approximately 58% of the Municipality's revenue. In addition, Provincial Allocations, including the rendering of the Roads Function, account for a further 28%.

35. Unauthorised expenditure

Reconciliation of Unauthorised expenditure

| | | |
|--|---|---|
| Opening balance | - | - |
| Approved by Council or condoned | - | - |
| | - | - |
| Unauthorised expenditure awaiting authorisation | - | - |

36. Fruitless and wasteful expenditure

| | | |
|--|-----------|---------|
| Opening balance as previously reported | 434 551 | - |
| Opening balance as restated | 434 551 | - |
| Add: Fruitless and Wasteful Expenditure - current period | 18 662 | 374 536 |
| Add: Fruitless and Wasteful Expenditure - prior period | 82 971 | 60 015 |
| Less: Amounts recoverable - current | (466 434) | - |
| Less: Amount written off - prior period | - | - |
| Less: Amount written off - prior period | - | - |
| Closing balance | 69 750 | 434 551 |

Cases under Investigations

01 (2017/2018: Nil) case(s) related to payments made in terms of a contract with a contractor for the upgrading of ablution facilities in excess of the construction work completed.

2018/2019

- a) An internal investigation has been conducted by the Internal Audit Unit of the Municipality;
- b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
- d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
- e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.

Nil (2017/2018: 02) cases related to payments made in terms of a contract with a consulting engineer where the maximum contractual value was charged even though the project was not fully completed and where the amounts charged, exceeded the allowable fee that is based on the sub-appointed contractor's costs.

2018/2019



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|-----------------|------|------|
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36. Fruitless and wasteful expenditure (continued)

In respect of 2 cases, after an investigation by MPAC in terms of MFMA section 32, Council resolved on 29 June 2019 that the fruitless and Wasteful Expenditure made, be recovered. The relevant consequence management processes are in progress.

2017/2018

In respect of 2 cases -

- a) An internal investigation has been conducted by an appointed service provider;
- b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
- d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
- e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.

37. Irregular expenditure

| | | |
|---|----------------|----------------|
| Opening balance as previously reported | 161 465 | - |
| Correction of prior period error (note 31) | 135 013 | - |
| Opening balance as restated | 296 478 | - |
| Add: Irregular Expenditure - current period | - | 47 719 |
| Add: Irregular Expenditure - prior period | - | 113 746 |
| Less: Amount written off - prior period | (161 465) | - |
| Closing balance | 135 013 | 161 465 |

Cases under investigations

Nil (2017/2018: 05) cases related to non-compliance with procurement process requirements.

Goods and services were acquired without following adequate processes in terms of the Supply Chain Management Policy of the Municipality. In addition, one case relates to an error made in the application of the PPPFA Regulations.

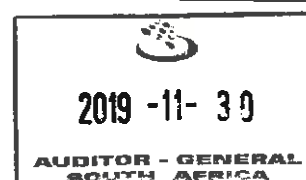
2018/2019

In respect of 2 cases -

- a) An internal investigation has been conducted by the Internal Audit Unit of the Municipality;
- b) The relevant processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered; and
- d) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.

In respect of 3 cases, after an investigation by MPAC in terms of MFMA section 32, Council resolved that the irregular expenditure be certified as irrecoverable and be written off. The relevant consequence management processes are in progress.

2017/2018



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|-----------------|------|------|
|-----------------|------|------|

37. Irregular expenditure (continued)

- a) An internal investigation has been conducted by the Municipality's Internal Audit Unit, however the investigation of 2 additional cases was only concluded recently;
- b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
- d) Relevant consequence management processes will be instituted upon receipt of final report; and
- e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.

NII (2017/2018: 01) case(s) related to other non-compliance with laws, regulations, council policies and/or by-laws

An expansion in excess of 20% was made on a contract for an appointed consulting engineer without following the process in terms of Section 116(3) of the MFMA.

| | | |
|--|---|--------|
| Local Government: Municipal Finance Management Act | - | 88 301 |
|--|---|--------|

2018/2019

In respect of the 1 case, after an investigation by MPAC in terms of MFMA section 32, Council resolved that the irregular expenditure be certified as irrecoverable and be written off. The relevant consequence management processes are in progress.

2017/2018

In respect of the 1 case -

- a) An internal investigation has been conducted by an appointed service provider;
- b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
- d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
- e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved.

38. Additional disclosure in terms of Municipal Finance Management Act

38.1 Contributions to organised local government

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 1 953 069 | 1 867 138 |
| Amount paid - current year | (1 841 046) | (1 775 824) |
| Discount received 5% (5%:2018) | (112 023) | (91 314) |
| | <hr/> | <hr/> |
| | - | - |

38.2 Audit fees

| | | |
|---|-------------|-------------|
| Current year audit fee: Auditor General | 3 351 296 | 2 893 425 |
| Current year audit fee: Audit Committee | 126 657 | 107 031 |
| Amount paid | (3 459 988) | (3 010 013) |
| | <hr/> | <hr/> |
| | 17 965 | (9 557) |

38.3 PAYE, UIF and SDL

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | (33 874 772) | (30 793 490) |
| Amount paid - current year | 33 874 772 | 30 793 490 |
| | <hr/> | <hr/> |
| | - | - |

38.4 Pension and Medical Aid Deductions

Cape Winelands District Municipality
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| Figures in Rand | 2019 | 2018 |
|---|---------------|--------------|
| 38. Additional disclosure in terms of Municipal Finance Management Act (continued) | | |
| Current year subscription / fee | (59 989 654) | (56 749 225) |
| Amount paid - current year | 60 064 712 | 56 749 225 |
| | <u>75 058</u> | <u>-</u> |

Included in medical aid deductions are amounts paid in terms of post employment obligations.

38.5 VAT

| | | |
|----------------|---------|-----------|
| VAT receivable | 110 626 | 3 275 644 |
|----------------|---------|-----------|

The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21.

All VAT returns have been submitted by the due date throughout the year.

38.6 Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrears with the settlement of rates or services.

However, the following amounts are outstanding in respect of the over payment of remuneration due to the upward change in the grading of Witzenberg, Drakenstein and Langeberg Municipality as well as the termination/resignation of councillors.

| 30 June 2019 | Outstanding less than 90 days R | Outstanding more than 90 days R | Total R |
|--|--|--|---------------|
| Cllr. Z.L. Gwada | - | 2 463 | 2 463 |
| Cllr. S. Ross | - | 4 387 | 4 387 |
| Cllr. S.W. Nyamana | - | 769 | 769 |
| Cllr. S.C. Rens | - | 3 139 | 3 139 |
| Cllr. P. Hess | - | 54 467 | 54 467 |
| Cllr. P Heradien (resigned 10/12/2014) | - | 10 315 | 10 315 |
| Cllr. C. Mcako (resigned 29/06/2016) | - | 1 138 | 1 138 |
| Cllr. N.S. Louw | - | 3 306 | 3 306 |
| | <u>-</u> | <u>79 984</u> | <u>79 984</u> |

In respect of the upward grading or changes in positions held on council committees (section 79 committees) of the local municipalities within the district:

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading or positions held on council committees of its local municipalities except for the above mentioned councillors, where payment arrangements have been made.

Cllrs Heradien, Ross, Gwada (deceased) and Nyamana have been handed over for legal action to be instituted. Payment arrangements have been made with Cllr Rens and the outstanding balance will be recovered from each claim/allowance as it becomes due to the Cllr. During February 2019 the Municipality became aware of the fact that Cllr. P. Hess was appointed as Head of a Section 79 committee at the local municipality since September 2016. A payment arrangement has been made with Cllr Hess and the outstanding balance will be recovered from each claim or allowance as it becomes due to the Cllr.

In respect of resignations / terminations:

Legal action has been instituted against both Cllrs C Mcako and S Louw.

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| Figures in Rand | 2019 | 2018 | |
|---|--|--|--------------------|
| 38. Additional disclosure in terms of Municipal Finance Management Act (continued) | | | |
| 30 June 2018 | Outstanding less than 90 days R | Outstanding more than 90 days R | Total R |
| Cllr. P Heradien (resigned 10/12/2014) | - | 10 315 | 10 315 |
| Cllr. C. Mcako (resigned 29/06/2016) | - | 1 138 | 1 138 |
| Cllr. Z.L. Gwada | - | 2 463 | 2 463 |
| Cllr. S. Ross | - | 4 387 | 4 387 |
| Cllr. S.W. Nyamana | - | 769 | 769 |
| Cllr. L.S. Sambokwe | - | 7 028 | 7 028 |
| Cllr. S.C. Rens | - | 11 013 | 11 013 |
| Cllr. P. Hess | - | 58 871 | 58 871 |
| | - | 95 984 | 95 984 |

In respect of upward grading of the local municipalities within the district:

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading of its local municipalities, except for the above mentioned councillors, where payment arrangements have been made.

No cooperation has been received from the then Cllr P Heradien, thus the Municipality will pursue further legal action. In addition Cllrs Ross, Gwada and Nyamana did not honour the payment arrangements made and the Municipality will pursue further legal action. New payment arrangements have been made with Cllr Sambokwe & Cllr Rens and the outstanding balance will be recovered from each claim/allowance as it becomes due to them.

The prior year comparative amount was restated during the 2018/2019 financial year. Details are included in prior period error note 31.

In respect of resignations / terminations:

The then Cllr. C. Mcako did not honour the previous arrangement made to settle the outstanding amount on 31 July 2017. The Municipality will pursue further legal action.

38.7 Particulars of non-compliance

2018/2019

Regulation 2(3)(a) of the Municipal Supply Chain Management Regulations, 2005 stipulates that no municipality may act otherwise than in accordance with its supply chain management policy when procuring goods or services. Goods or services were acquired without following adequate procurement processes. Matters that was detected during the 2017/2018 audit was investigated in the 2018/2019 financial year and subsequently dealt with as a prior period adjustment. (Amounts disclosed are inclusive of VAT).

2017/2018

Regulation 2(3)(a) of the Municipal Supply Chain Management Regulations, 2005 stipulates that no municipality may act otherwise than in accordance with its supply chain management policy when procuring goods or services. Goods or services were acquired without following adequate procurement processes. The non-compliance for the prior year was identified in the 2017/2018 financial year. (Amounts disclosed are inclusive of VAT).

| | | |
|--|---|----------------|
| Expansion above 20% without following S116(3) of the MFMA | - | - |
| Acquisition of goods and services without following adequate procurement processes | - | 182 732 |
| Other | - | - |
| | - | 182 732 |

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38. Additional disclosure in terms of Municipal Finance Management Act (continued)

The Municipality will consider to request National Treasury for condonation in terms of Section 170 of the MFMA on the matters above.

38.8 Intergovernmental allocations

Section 123 of the MFMA determines that the municipality must disclose information on any allocations made by the municipality to another municipality. The following allocations were made to local municipalities within the CWDM for projects as identified by the respective local municipality in terms of service level agreements:

Intergovernmental allocations made to another municipality

| | | |
|----------------------------|------------------|------------------|
| Breede Valley Municipality | 500 000 | 500 000 |
| Langeberg Municipality | 500 000 | 500 000 |
| Witzenberg Municipality | 500 000 | 500 000 |
| | 1 500 000 | 1 500 000 |

39. Reconciliation between budget and annual financial statements

Reconciliation of variances between budget statement and the final approved budget.

| | | |
|---|----------------|---|
| Service charges (Amount as per budget schedule) | - | - |
| Service charges | 200 000 | - |
| Transfer to Licenses or Permits | (63 900) | - |
| Amount as per final approved budget | 136 100 | - |

Service charges was remapped from Other revenue to adhere to the standards of GRAP and transfers were made to other revenue items.

| | | |
|--|----------------|---|
| Rental of facilities and equipment (Amount as per budget schedule) | 220 000 | - |
| Transfer from Other income | 28 400 | - |
| Amount as per final approved budget | 248 400 | - |

Provision was made for additional rental income received.

| | | |
|---|--------------------|---|
| Agency Services (Amount as per budget schedule) | 128 389 752 | - |
| Management fees: Income | 13 962 101 | - |
| Management fees: expenditure | (13 962 100) | - |
| Transfers to Other income | (2 024 970) | - |
| Amount as per final approved budget | 126 364 783 | - |

Management fees was remapped to Agency services to adhere to the standards of GRAP.

| | | |
|--|-----------|---|
| Licences and permits (Amount as per budget schedule) | 300 000 | - |
| Transfers to Licenses and Permits | 63 900 | - |
| Licenses and permits | (363 900) | - |
| Amount as per final approved budget | - | - |

Licences and permits were remapped to Other revenue to adhere to the standards of GRAP. Transfers were made to Licences and permits to account for additional income received.

| | | |
|---|--------------------|---|
| Transfers and subsidies (Amount as per budget schedule) | 236 022 652 | - |
| Public Sector SETA | (289 000) | - |
| Amount as per final approved budget | 235 733 652 | - |

SETA refunds were remapped from Transfers and subsidies to Other revenue to adhere to the standards of GRAP.

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|-----------------|------|------|

39. Reconciliation between budget and annual financial statements (continued)

| | | |
|---|------------------|----------|
| Other revenue (Amount as per budget schedule) | 16 097 091 | - |
| Management fees | (13 962 101) | - |
| Service charges | (200 000) | - |
| Public Sector SETA | 289 000 | - |
| Advertisements | (50 000) | - |
| Licenses and permits | 300 000 | - |
| Transfers to Other revenue items | 814 600 | - |
| Amount as per final approved budget | 3 288 590 | - |

Other revenue was remapped to adhere to the standards of GRAP.

| | | |
|---|-------------------|----------|
| Interest received (Amount as per budget schedule) | 54 000 000 | - |
| Transfers to Interest received | 1 245 870 | - |
| | 55 245 870 | - |

Provision was made for additional interest income.

| | | |
|--|--------------------|----------|
| Employee related costs (Amount as per budget schedule) | 212 412 275 | - |
| Leaverships and Internships | 2 103 000 | - |
| Workmen's compensation fund | 1 133 636 | - |
| Bargaining council | (4 400) | - |
| Transfers to Employee related costs | 1 347 600 | - |
| Amount as per final approved budget | 216 992 111 | - |

Leaverships and internships and Workmen's compensation fund were remapped from General expenses to Employee related cost to adhere to standards of GRAP. Bargaining council was remapped from Employee related cost to General expenses to adhere to the standards of GRAP.

| | | |
|---|-------------------|----------|
| Depreciation and amortisation (Amount as per budget schedule) | 9 989 893 | - |
| Transfers from other expenditure items | 3 105 460 | - |
| Amount as per final approved budget | 13 095 353 | - |

Provision was made for additional depreciation.

| | | |
|---|---------------|----------|
| Debt impairment (Amount as per budget schedule) | 1 186 275 | - |
| Transfers from Bad debt written off | (120 000) | - |
| Bad debt written off | (1 066 275) | - |
| Transfer to Impairment loss | 55 750 | - |
| Amount as per final approved budget | 55 750 | - |

Debt impairment was remapped to Bad debt written off to adhere to the standards of GRAP and provision was made for impairment loss.

| | | |
|--|------------------|----------|
| Bad debt written off (Amount as per budget schedule) | - | - |
| Debt impairment | 1 186 275 | - |
| Transfer to other expenditure | (120 000) | - |
| Amount as per final approved budget | 1 066 275 | - |

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39. Reconciliation between budget and annual financial statements (continued)

Bad debt written off was remapped to adhered to the standards of GRAP.

| | | |
|--|----------------|----------|
| Lease rentals on operating lease (Amount as per budget schedule) | - | - |
| Lease rentals on operating lease | 1 029 000 | - |
| Transfers to and from Operating leases | (742 300) | - |
| Amount as per final approved budget | <u>286 700</u> | <u>-</u> |

Lease rentals on operating lease were remapped from General expenses to adhere to the standards of GRAP

| | | |
|---|-------------------|----------|
| Transfers and subsidies (Amount as per budget schedule) | 10 856 300 | - |
| Transfers to Transfers and subsidies | 1 570 000 | - |
| Amount as per final approved budget | <u>12 426 300</u> | <u>-</u> |

Transfers were made to Transfers and subsidies to correct expenditure recorded against the incorrect expenditure categories.

| | | |
|---|-------------------|----------|
| Contracted services (Amount as per budget schedule) | 62 672 512 | - |
| Transfers to and from Contracted services | (4 592 083) | - |
| Amount as per final approved budget | <u>58 080 429</u> | <u>-</u> |

Transfers from and to contracted services was necessary to allocate items against correct expenditure categories according to GRAP.

| | | |
|---|--------------|----------|
| Other materials (Amount as per budget schedule) | 33 566 117 | - |
| Transfers to and from Other materials | (2 296 867) | - |
| General expenses | (31 269 250) | - |
| Amount as per final approved budget | <u>-</u> | <u>-</u> |

Other materials were remapped to General expenses to adhere to the standards of GRAP.

| | | |
|--|--------------------|----------|
| General Expenses (Amount as per budget schedule) | 89 922 787 | - |
| Advertisements | (50 000) | - |
| Learnerships and Internships | (2 103 000) | - |
| Bargaining council | 4 400 | - |
| Workmen's compensation fund | (1 133 636) | - |
| Lease rental on operating leases | (1 029 000) | - |
| Other materials | 33 566 117 | - |
| Management fees | (13 962 100) | - |
| Transfers to and from general expenses | (1 576 087) | - |
| Amount as per final approved budget | <u>103 639 481</u> | <u>-</u> |

Advertisements was remapped from Other Revenue to General expenses to adhere to the standards of GRAP. Learnerships and Internships and Workmen's compensation fund were remapped from General expenses to Employee related cost to adhere to the standards of GRAP. Bargaining council was remapped from Employee related cost to general expenses to adhere to the standards of GRAP. Lease rentals on operating lease were remapped from general expenses to adhere to the standards of GRAP. Other Materials was remapped to General expenditure to adhere to the standards of GRAP. Management fees was remapped from General expenses to Agency services.

| | | |
|--|----------------|----------|
| Loss on disposal of assets and liabilities (Amount as per budget schedule) | 20 000 | - |
| Transfers to Loss on disposal of assets | 908 260 | - |
| Amount as per final approved budget | <u>928 260</u> | <u>-</u> |

Transfers were made to Loss on disposal of property, plant and equipment to make provision for disposal of assets at year end.

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39. Reconciliation between budget and annual financial statements (continued)

| | | |
|--|---------------|----------|
| Inventories losses (Amount as per budget schedule) | - | - |
| Transfer to Inventories losses | 43 400 | - |
| Amount as per final approved budget | 43 400 | - |

Provision was made for Inventories losses at year end.

39.2 Statement of financial position

| | | |
|---|--------------|----------|
| Other debtors (Amount as per budget schedule) | 34 694 595 | - |
| VAT receivable | (112 000) | - |
| Receivable from non- exchange transactions | (74 000) | - |
| Other receivables from exchange transactions | (34 508 595) | - |
| Amount as per final approved budget | - | - |

Other debtors were remapped to adhere to the standards of GRAP.

| | | |
|---|-------------------|----------|
| Trade and other payables from exchange transactions (Amount as per budget schedule) | 16 633 000 | - |
| Unspent conditional grants | (2 000 000) | - |
| Amount as per final approved budget | 14 633 000 | - |

Unspent conditional grants was remapped from trade and other payables to adhere to the standards of GRAP

| | | |
|--|------------------|----------|
| Unspent Conditional Grants (Amount as per budget schedule) | - | - |
| Unspent Conditional Grants | 2 000 000 | - |
| Amount as per final approved budget | 2 000 000 | - |

| | | |
|--|---------------|----------|
| Provisions (Amount as per budget schedule) | 30 070 434 | - |
| Employee benefit obligation | (30 056 434) | - |
| | 14 000 | - |

Employee benefit obligation was remapped to adhere to the standards of GRAP.

39.3 Cashflow statement

| | | |
|---|---------------|----------|
| Suppliers and Employees (Amount as per budget schedule) | 363 400 297 | - |
| Employee cost | (198 297 075) | - |
| Suppliers | (161 916 167) | - |
| Remuneration to councillors | (12 458 055) | - |
| Transfers and Grants | 9 271 000 | - |
| Amount as per final approved budget | - | - |

Employee cost, Suppliers, Remuneration to councillors and Transfers and grants was remapped to adhere to the standards of GRAP.

| | | |
|---|--------------------|----------|
| Employee cost (Amount as per budget schedule) | - | - |
| Employee cost | 198 297 075 | - |
| Amount as per final approved budget | 198 297 075 | - |

Employee cost was remapped from Suppliers and Employees to adhere to the standards of GRAP.

| | | |
|---|---|---|
| Remuneration of councillors (Amount as per budget schedule) | - | - |
|---|---|---|

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| 39. Reconciliation between budget and annual financial statements (continued) | | |
| Remuneration of councillors | 12 458 055 | - |
| Amount as per final approved budget | <u>12 458 055</u> | <u>-</u> |
| Remuneration of councillors was remapped from Suppliers and Employees to adhere to the standards of GRAP. | | |
| | | |
| Transfers and grants (Amount as per budget schedule) | 9 271 000 | - |
| Transfers and grants | (9 271 000) | - |
| Amount as per final approved budget | <u>-</u> | <u>-</u> |

Transfers and grants was remapped to Suppliers to adhere to the standards of GRAP.

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40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2006

40.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).

| | Total Value (Incl. VAT) | Emergency | Sole Supplier/ Agent | Impractical/ Impossible |
|-------------|----------------------------|-----------|-------------------------|----------------------------|
| 2019 | | | | |
| July | 2 379 106 | - | - | 15 |
| August | 309 888 | - | 5 | 20 |
| September | 919 257 | - | 3 | 33 |
| October | 711 386 | - | 8 | 37 |
| November | 401 193 | - | 2 | 27 |
| December | 1 952 189 | - | 5 | 23 |
| January | 103 763 | - | - | 15 |
| February | 143 632 | - | 2 | 13 |
| March | 88 417 | - | 1 | 12 |
| April | 94 277 | - | 2 | 8 |
| May | 328 879 | - | 5 | 6 |
| June | 509 645 | - | 7 | 26 |
| | 7 941 632 | - | 40 | 236 |
| 2018 | | | | |
| July | 611 733 | - | 19 | 11 |
| August | 866 277 | - | 16 | 12 |
| September | 552 630 | - | 14 | 25 |
| October | 494 422 | - | 15 | 15 |
| November | 235 849 | - | 7 | 20 |
| December | 336 605 | - | 4 | 21 |
| January | 2 271 102 | - | 30 | 6 |
| February | 606 642 | - | 16 | 11 |
| March | 732 460 | - | 5 | 10 |
| April | 103 984 | - | 2 | 5 |
| May | 622 305 | - | 9 | 16 |
| June | 1 233 099 | - | 19 | 12 |
| | 8 687 108 | - | 156 | 164 |

The prior year comparative amount was restated during the 2018/2019 financial year. Details are included in prior period error note 31.

40.2 Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. (Amounts disclosed include VAT)

| Supplier | Relationship | Name of Family Member | Name of Institution | Capacity | 2019 | 2018 |
|--|----------------|-----------------------|--|--|--------------|--------------|
| C Bar Landscaping Close Corporation | Cousin | E Niemand | Cape Winelands District Municipality | Senior Administrator, Quotations & Tenders | - | 368 017,00 |
| AE Human T/A Astra Catering | Child | L Burger | Cape Winelands District Municipality | Environmental Health Practitioner | 5 445,00 | 315 210,00 |
| AE Human Trading (Pty) Ltd | Child | L Burger | Cape Winelands District Municipality | Environmental Health Practitioner | 208 601,00 | |
| M & N Bekwerkse Close Corporation | Brother/Sister | E Niemand | Cape Winelands District Municipality | Senior Administrator, Quotations & Tenders | 30 653,72 | 71 861,00 |
| Americo Buediens | Child | V Africa | Cape Winelands District Municipality | Workshop Assistent-Robertson | 15 450,00 | 25 850,00 |
| Price Catering and Cleaning (Pty) Ltd | Child | C Price | Cape Winelands District Municipality | Student: Information & Communication Technology | 204 320,00 | 58 610,00 |
| NCC Environmental Services Proprietary Limited | Spouse | C Rhoda | City of Cape Town | Head of Invasive Species: Biodiversity Centre, West Lake | 779 266,75 | 702 668,00 |
| Mawigame Trading 77 Close Corporation | Child | B Oxliehe | Department of Agriculture | Snr Admin officer: Dept of Agriculture, Forestry & Fisheries | 103 057,65 | 83 562,00 |
| | Child | S Oxliehe | Western Cape Education Department | Teacher at Du Noon | | |
| Gryde Enterprises Proprietary Limited | Child | G Brandon | City of Cape Town | Personal Assistant to Council Manager at City of Cape Town | | 1 000,00 |
| SMEC South Africa Proprietary Limited | Spouse | Y Phosa | Department of Economic Development and Tourism | MEC : Economic Development | 1 110 227,72 | 2 862 571,00 |
| J Walters t/a J C Travel | Spouse | C Walters | Department of Education | Secretary of School | 27 300,00 | 41 100,00 |
| Piston Power Chemicals Close Corporation | Spouse | N Andree | Department of Education | Teacher | 344 459,50 | 319 635,00 |
| Robertson Shell Trust | Spouse | D B Augustyn | Department of Education | Teacher at Dagbreek Primary | 80 847,72 | 82 676,00 |

| Supplier | Relationship | Name of Family Member | Name of Institution | Capacity | 2019 | 2018 |
|--|--------------|-----------------------|--|--|--------------|------------|
| Pieteraan and Burns Investments t/a Kings Catering | Sister | T September | Department of Health | Ass. Director, Fin SCM: Admissions Info Management | 18 430,85 | - |
| Tammo's Shada Parts and Cleaning Services | Sister | T Lebesans | Transnet Port Terminals | Security | 318 441,00 | |
| Sims ICT Choice Proprietary Limited | Spouse | N Mequle | Department of Human Settlements | Director | 187 525,02 | 198 088,00 |
| Ajee Consultancy Close Corporation | Spouse | J Williams | SAPS | Captain | 65 495,00 | 19 425,00 |
| Belani Consultancy Agencies (Pty) Ltd | Parent | N Mbovu | SAPS | Admin Clerk | 30 000,00 | - |
| Jah Guide Agriculture Proprietary Limited | Spouse | G Davids | SAPS | Sergeant | 1 034 159,92 | 603 159,00 |
| Ladybuga Innovative Marketing (Pty) Ltd | Spouse | RA Levendal | Department of Correctional Services | Environmental Health Practitioner | 164 437,53 | |
| | Spouse | Ahlschlager, HC | Special Investigating Unit | Legal Representative | | |
| | Parent | Barry, CJ | City of Cape Town | Head: Finance | | |
| | Parent | KA Blaazard | Western Cape Government Transport & Public Works | Chief Architect | | |
| | Parent | Botha, T | Oudshoorn Municipality | Technical Manager | | |
| | Spouse | Erasmus, WZ | Cape Nature | Program Manager | | |
| | Parent | Esterhuysen, HG | West coast District Municipality | Senior Manager - Roads | | |
| | Son | Geldenhuys, N | Transnet Port Terminals | Mechatronic Engineer | | |
| | Sister | Goga, Y Dr | Nicol Albert Luthuli Hospital | Senior Specialist - Paediatric Haematology | | |
| | Daughter | Goverden, T | Ungeni Water/Asset Management | Fleet Maintenance Administrator | | |
| | Parent | Grobelaar, SM | Northern Cape Department of cooperative Governance | Town and Regional Planner | | |
| | Brother | Harholdt, E | Limpopo Department of Economic Development Environment & Tourism | Manager | | |


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| Supplier | Relationship | Name of Family Member | Name of Institution | Capacity | 2018 | 2019 |
|--|--------------|-----------------------|--|--|------|-----------|
| Aurecon South Africa Proprietary Limited | Parent | Heyns, A | Stellenbosch Municipality | Assistant Superintendent | | |
| | Spouse | Higgs, JH | SARS | Regional Manager | | |
| | Spouse | Hougaard, A | Department of Correctional Services | Principle Network controller | | |
| | Spouse | Jacobs, J | Eastern Cape Department of Education | Personal Assistant to Chief Director | | |
| | Parent | Klaynhans, B | Hessiqua Municipality | Accountant | | |
| | Parent | Kriegler, BJ Cr | CWDM & Brabde Valley Municipality | Councillor | | |
| | Spouse | Marques, M | Department of Home Affairs | Deputy Director | | |
| | Uncle | Mayhiso, D | Department of Local Government and Traditional Affairs | Official | | |
| | Employee | Mayhiso, M | Buffalo City Metropolitan Municipality | Aurecon employee (resigned 31 December 2014) | | |
| | Parent | Mehlala, RT | Eastern Cape Arts and Culture Council | Chief Executive Officer | | |
| | Parent | Moore, AJ | Department of Water Affairs | Chief Engineer | | 88 300,63 |
| | Spouse | Naddeen K | National Department of Public Works | Director: Key Account Management | | |
| | Spouse | Ntsebeza, D | Buffalo City Metropolitan Municipality | Official | | |
| | Cousin | Ntsebeza, M | Intsika Yethu Municipality | Official | | |

| Supplier | Relationship | Name of Family Member | Name of Institution | Capacity | 2018 | 2019 |
|----------|---------------|-----------------------|--|--|------|------|
| | Parent | Ntsebeza, NH | Eastern Cape Department of Health | Official | | |
| | Spouse | O'Connell, SM | Sol Plaatje Municipality | Librarian | | |
| | Spouse | PW Panegrouw | Draienstein Municipality | Senior Manager - Technical Services and Project Management | | |
| | Parent | Pretorius, PS | Sol Plaatje Municipality | Chief Officer - Community Services | | |
| | Spouse | R Reddy-Madursy | Development Bank SA | Project Preparation Specialist | | |
| | Spouse | Riekert, JH | SA Reserve Bank | Engineering | | |
| | Parent | Robertson, JM | Ekurhuleni Metropolitan Municipality | Roads Engineer | | |
| | Sister | Segers, S | City of Cape Town | Head of Security Architecture | | |
| | Wife | Skead, M Dr | Nelson Mandela Bay Metropolitan University | Senior Manager - Staff Development | | |
| | Parent | Tebane, R | Ekurhuleni Metropolitan Municipality | Executive Manager | | |
| | Spouse | Theron, J | Nelson Mandela Metropolitan University Business School | Head: Graduate School Relations | | |
| | Spouse | Tredoux, J | Department of Water Affairs | Deputy Director - Accounts Payable | | |
| | Father-in-Law | Van Rensburg, M | Eskom | Executive at Transmission Department | | |
| | Father | Van Taak, AN | Stellenbosch Municipality | Director - Water and Sewerage | | |
| | Spouse | Venter, ZC | Eastern Cape Department of Health | Deputy Director - Employment Relations | | |
| | Parent | Vermeulen, PC | City of Cape Town | Superintendent - Building Maintenance | | |
| | Parent | Wildes, J | Correctional Services | Vice Director - Provincial | | |
| | Spouse | Wolmerans, NS | IDC | Senior Accounts Manager | | |



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| Supplier | Relationship | Name of Family Member | Name of Institution | Capacity | 2019 | 2018 |
|----------|----------------|--------------------------|---|--|------|------|
| | Brother | David Moffatt | Department of Rural Development and Land Reform | Director: Spatial Planning & Land Use Management | | |
| | Spouse | Alan Moon | City of Cape Town | Head: Business Continuity | | |
| | Brother-in-law | Jahn Watson | National Treasury - Office of Accountant General | Director - Accounting Support and Reporting | | |
| | Spouse | Sonnikie Cilliers | Department of Education | Teacher | | |
| | Aunt | Fanzie Peer | Ethelwini Municipality | Deputy Mayor, Chair of Finance and Procurement | | |
| | Spouse | Nokuthula Mkhize | National Department of Water Affairs and Forestry | Accounting Clerk | | |
| | Mother | Irma Brink | Department of Education - Free State | Teacher | | |
| | Spouse | Nkosinathi Mzayiya | Department of Correctional Services | Correctional Officer | | |
| | Spouse | Jacqueline Gooch | Department of Transport and Public Works | Head of Department | | |
| | Spouse | Unathi Lekonyana | Department of National Treasury | Deputy Director - Grant Monitoring and Analysis | | |
| | Parent | Douglas Kiewiet | Department of Water Affairs and Forestry | Area Manager (North) | | |
| | Spouse | Rajiv Beharia | Eskom | Senior Engineer | | |
| | Brother | Fumaniani Freeman Phidza | Economic Development | Director ICT | | |
| | Brother | Rendani Phidza | Sports and Recreation | Senior Control Officer | | |
| | Sister | Nokuzola Manda | Eastern Cape Department of Human Settlements | Control Works Inspector | | |
| | Spouse | Conrad Hering | Department of Transport and Public Works | Electrical Engineer | | |
| | Sister-in-law | Dolencia Davids | City of Cape Town | Admin. Officer | | |
| | Brother-in-law | Hilton Davids | City of Cape Town | Admin Officer | | |



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| Supplier | Relationship | Name of Family Member | Name of Institution | Capacity | 2019 | 2018 |
|--------------------------|----------------|------------------------------|---|--------------------------------------|------------|------|
| Gibb Proprietary Limited | Mother | Sandra Singh | Department of Education | Human Resource Officer | 363 400,00 | - |
| | Brother | Ian Bowker | Department of Asset Management and Maintenance in Transport | Head of Department | | |
| | Spouse | Dianne Alderman | Eastern Cape Department of Education | Teacher | | |
| | Aunt | F Strange | SAPS | Chief Accounting Clerk | | |
| | Spouse | Thando Gqobo | Ethekwini Municipality | Civil Engineering Technician | | |
| | Husband | Danovan O'Reilly | SAPS | Warrant Officer | | |
| | Spouse | Siyamhanda Joffa | Eastern Cape Department of Transport | Assistant Manager - Asset Management | | |
| | Spouse | Vuyokazi Slowebu | Ndlambe Municipality | PMU Manager | | |
| | Spouse | Luzel Sophie Cloete | Department of Higher Education and Training | Lecturer | | |
| | Cousin | Piuniani Ngcamu | Ethekwini Municipality | Senior Civil Technician | | |
| | Spouse | Londani Mkhumbuzi | KwaDukuza Municipality | Senior Rates Clerk | | |
| | Sister | Yvette Joubert | Western Cape Education Department | Teacher | | |
| | Brother | Heinrich Rudiger Jastolka | Department of Justice | Magistrate | | |
| | Sister | Gerda Yvette Magnus | Department of Higher Education and Training | Acting Deputy Director General | | |
| | Sister | Thando Phiso | Eskom Rotek Industries | Junior Service Engineer | | |
| | Brother-in-law | Herbert Humbulani Ntshikwela | Dept of Minerals Resources | Senior Inspector | | |
| | Sister-in-law | Tobhe Victoria Kabi | Eskom Generation | Senior Technician | | |
| | Spouse | K Naidoo | Gauteng Department of Education | Head of Department Mathematics | | |



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41. Provisions

Reconciliation of provisions - 2019

| | Opening Balance | Additions | Utilised during the year | Total |
|------------------------------|--------------------|-----------|--------------------------------|--------|
| Provision (Insurance claims) | 21 620 | 13 471 | (21 620) | 13 471 |

Reconciliation of provisions - 2018

| | Opening Balance | Additions | Utilised during the year | Total |
|------------------------------|--------------------|-----------|--------------------------------|--------|
| Provision (Insurance claims) | 79 564 | 21 620 | (79 564) | 21 620 |

The provision relates to insurance claims, which were not finalised at year end, but was finalised before the financial statements was authorised for issue.

42. Transfers and subsidies

| | | |
|-------------------------------|-------------------|-------------------|
| Fire services | 250 000 | 250 000 |
| Farmer households | 3 068 655 | 3 896 688 |
| Community and social services | 2 251 000 | 1 882 798 |
| Bursaries | 81 281 | 1 713 760 |
| Social relief | 400 000 | 798 000 |
| Tourism | 2 376 000 | 1 700 000 |
| Sport and recreation | 2 996 847 | 3 254 278 |
| | 11 423 783 | 13 495 524 |

43. Contracted services

Outsourced Services

| | | |
|-------------------------------------|-----------|-----------|
| Alien Vegetation Control | 2 342 260 | 2 142 382 |
| Burial Services | 9 000 | 13 500 |
| Business and Advisory | 2 487 478 | 4 242 058 |
| Cleaning Services | 439 330 | 426 076 |
| Clearing and Grass Cutting Services | 1 876 315 | 3 120 248 |
| Hygiene Services | 946 308 | 909 743 |
| Professional Staff | 1 616 973 | 1 325 218 |
| Security Services | 3 016 526 | 2 750 957 |
| Translators, Scribes and Editors | 438 613 | 367 828 |

Consultants and Professional Services

| | | |
|-----------------------------|-----------|-----------|
| Business and advisory | 3 976 800 | 4 919 403 |
| Infrastructure and planning | 1 924 806 | 6 232 310 |
| Laboratory services | 1 601 585 | 1 711 143 |
| Legal cost | 158 984 | 38 221 |

Contractors

| | | |
|------------------------|------------|------------|
| Artists and Performers | 338 140 | 433 100 |
| Audio-visual Services | 35 600 | 41 194 |
| Catering Services | 2 021 176 | 2 207 427 |
| Employee Wellness | 173 850 | 226 501 |
| First Aid | 22 558 | 24 895 |
| Fire Services | 13 808 534 | 11 417 990 |
| Gardening Services | 48 896 | 78 651 |
| Graphic Designers | 16 235 | - |

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| 43. Contracted services (continued) | | |
| Maintenance of Buildings, Facilities, Equipment and Unspecified Assets | 6 017 457 | 7 128 999 |
| Pest Control and Fumigation | 15 180 | 16 713 |
| Photographer | 5 050 | 12 650 |
| Plants, Flowers and Other Decorations | 39 367 | 351 640 |
| Transportation | 5 840 | - |
| Stage and Sound Crew | 101 650 | 147 687 |
| Exhibit Installations | - | 6 500 |
| | 43 484 511 | 50 293 034 |

44. Contingencies

44.1 Contingent liabilities

(i) 2019: The status of the delictual claim for damages in the amount of R451 000 remains the same as reported on the previous year. At pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending.

(2018: Delictual claim for damages in the amount of R451 000. At pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending and remains the same as reported in the previous year.

(ii) 2019: The status of the claim is that the parties are currently awaiting a trial date. The insurance brokers of the municipality who are currently dealing with the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality states that that pre-trial proceeded and the matter was adjourned until 15 October 2018 to enable the parties to comply with the timetable set out in the agreed pre-trial minutes. The settlement per the summons issued amounts to R6 142 100. The plaintiff included the Cape Winelands District Municipality as the second of three defendants in this matter. The settlement amount is to be paid by the insurance company on behalf of the Municipality and it would be expected of the Municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(2018: The insurance brokers of the municipality who are currently dealing with the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality states that that pre-trial proceeded and the matter was adjourned until 15 October 2018 to enable the parties to comply with the timetable set out in the agreed pre-trial minutes. The settlement per the summons issued amounts to R6 142 100. The plaintiff included the Cape Winelands District Municipality as the second of three defendants in this matter. The settlement amount is to be paid by the insurance company on behalf of the Municipality and it would be expected of the Municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(iii) 2019: The status of the claim remains the same as reported on in the previous year. Specifically that on 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conrade Trust (the plaintiffs) instituted action against the trustees of the Thera Trust (the defendants) for the damages suffered in the amount of R2 371 525,07 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conradie Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the Cape Winelands District Municipality was joint as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the District Municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the District Municipality's insurers and a fire incident report was accordingly provided, where after a Notice of Intention to Defend was entered. The file is currently pending as the plaintiff's attorney has not taken any further action. In view of the aforementioned, it is clear that it is not possible at this stage to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

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44. Contingencies (continued)

(2018: On 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conradie Trust (the plaintiffs) instituted action against the trustees of the Thera Trust (the defendants) for the damages suffered in the amount of R2 371 525,07 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conradie Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the Cape Winelands District Municipality was joint as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the District Municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the District Municipality's insurers and a fire incident report was accordingly provided, where after a Notice of Intention to Defend was entered. The relief that the defendants' (Thera Trust) are seeking, is as follow: (a) that the District Municipality be held liable for a contribution to the defendant in respect of the damages, (b) that the court make an order declaring a respective degree of fault of the Third Party in relation to the said damages, (c) an order fixing the amount which the Third Party is obliged to contribute towards any damages payable by the defendants. In view of the aforementioned, it is clear that it is not possible at this stage to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(iv) 2019: On 15 February 2019 a Combined Summons was issued by the Magistrates Court for the District of Tulbach under Case No 18/2019 in terms of which HR de Waal (the plaintiffs) instituted action against the Cape Winelands District Municipality for damages suffered to the amount of R24 802,19 as a result of a motor vehicle collision that was driven an employee of the Cape Winelands District Municipality on 27 November 2017. The matter was reported to the District Municipality's insurers and they appointed a legal firm to defend the case. The relief the plaintiff are seeking is as follows: (a) that the District Municipality be held liable for the damages to the amount of R24 802,19, (b) interest on the aforesaid amount at the prescribed interest rate per annum from the date of the demand to the date of payment, (c) costs of suit.

(v) 2019: The Municipality is still waiting on the outcome of 2 public liability claims, 14 third party accident claims and 2 insurance claims that were handed over to the state attorneys and / or the Municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

(2018: The Municipality is still waiting on the outcome of 2 public liability claims and 14 third party accident claims that were handed over to the state attorneys and / or the Municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.)

44.2 Contingent assets

(i) 2019: The Municipality is still awaiting the outcome of 5 insurance claims that were not concluded at 30 June 2019. The claims are not specific to the 2018/2019 financial year.

(2018: The Municipality is still awaiting the outcome of 5 insurance claims that were not concluded at 30 June 2018. The claims are not specific to the 2017/2018 financial year.)

It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.



Cape Winelands District Municipality

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45. Related parties

The following related parties exist:

| | |
|--|-----------------------|
| National Treasury | |
| Provincial Government Western Cape | |
| National Department of Environmental Affairs | |
| Stellenbosch Municipality | |
| Drakenstein Municipality | |
| Breede Valley Municipality | |
| Langeberg Municipality | |
| Witzenberg Municipality | |
| Municipal Manager (M. Mgajo) | Term ended 02/08/2017 |
| Municipal Manager (H.F. Prins) | Appointed 01/12/2017 |
| Chief Financial Officer (F.A. Du Raan-Groenewald) | |
| Executive Director: Community Development and Planning Services (C.V. Schroeder) | |
| Executive Director: Technical Services (F.A. van Eck) | |
| Ald (Dr) H. von Schlicht (Executive Mayor) | |
| Cllr C. Meyer (Speaker) | |
| Cllr D. Swart (Deputy Executive Mayor) | |
| Cllr Z.L. Masoka | Appointed 14/05/2018 |
| Cllr G.J. Carinus | |
| Cllr J.D.F. van Zyl | |
| Cllr J.J. du Plessis | |
| Cllr L.W. Niehaus | |
| Cllr A. Florence | |
| Cllr P.C. Ramokhabi | |
| Cllr L. Landu | |
| Cllr M.M. Adriaanse | Resigned 10/09/2018 |
| Cllr R.B. Arnolds | Resigned 02/04/2018 |
| Cllr W.M. Blom | |
| Cllr A. Crombie | |
| Cllr C. Damens | |
| Cllr P. Daniels | |
| Cllr R. du Toit | |
| Cllr G.J. Fredericks | |
| Cllr E. Gouws | Resigned 10/06/2018 |
| Cllr P. Hess | |
| Cllr X. Kalipa | |
| Cllr M.T. Klaas | |
| Cllr N.S. Louw | Resigned 25/07/2018 |
| Cllr S.S. Magqazana | |
| Cllr P. Marran | Resigned 14/05/2019 |
| Cllr E.S.C. Matjan | |
| Cllr J.S. Mouton | |
| Cllr R.S. Nalumango | |
| Cllr B.B. Ntshingila | |
| Cllr E. Qhankqiso | |
| Cllr S.C. Rens | |
| Cllr L.S. Sambokwe | |
| Ald J.W. Schuurman | |
| Cllr A.J. Shibili | |
| Cllr L.N. Siwakamisa | |
| Cllr D.R.A. Snyders | |
| Cllr C. Steyn | |
| Cllr N. Tetena | |
| Cllr J.J. van Rooyen | |
| Cllr W. Vrolick | |
| Cllr C.F. Wilskut | |
| Cllr D.D. Joubert | Appointed 31/08/2018 |
| Cllr J. Smit | Appointed 02/10/2018 |
| Cllr N.D. Sauerman | Appointed 03/10/2018 |

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|-----------------|------|------|
|-----------------|------|------|

45. Related parties (continued)

The salaries and remuneration of key management and councillors are disclosed in notes 24 & 25 of the Annual Financial Statements.

The Provincial Government Western Cape (Department of Transport and Public Works) provide the necessary funds to the Municipality to maintain, repair, protect and manage the proclaimed Provincial Roads in the area of the Municipality. A functional organisational structure, staff establishment and cost of employment is agreed to by both parties and funds are made available to maintain the approved organogram; hence partly utilised to fund the Municipality's employee costs in respect of the execution of the Roads Function.

The Provincial Government Western Cape supply the Municipality with the necessary plant and equipment (yellow fleet and equipment) in order to render the Roads function. The Municipality utilises the said fleet and equipment at no cost however, cost incurred relates to maintenance and fuel.

The Municipality utilised facilities provided by the local municipalities within the Cape Winelands District during the financial year for various programmes and events hosted by the different departments.

Related party transactions

Western Cape Investment and Trade Promotion Agency (WESGRO) is a public entity as envisaged in the PFMA, and is managed by a Board of Directors appointed by Executive Authority. WESGRO is the Official Tourism, Trade & Investment Promotion Agency for Cape Town and the Western Cape. The Executive Mayor, Ald (Dr) H Von Schlicht, serve as a WESGRO Board member. The CWDM made payments to WESGRO for the Indaba Tourism Expo, World Travel Market Africa event, Meetings Africa, Educational and Media Educational.

The ACVV is a non-profit organisation in the social services field. The ACVV consists of a National Council & Head Office, 115 branches in 4 provinces affiliated to ACVV National Council and 220 service programs across 5 service focus areas. The Executive Mayor, Ald (Dr) H Von Schlicht, is on the Executive Management of the organisation as well as involved at ACVV Wellington. The CWDM made transfers to ACVV Robertson, Utopia and Sonskyn Dienssentrum in respect of the Municipality's Community Support project.

WESGRO

| | | |
|--|----------------|----------------|
| Payments for participation and attending Meetings Africa | 50 000 | - |
| Payments for shared exhibitor costs of the Indaba Tourism Expo | 200 000 | 150 500 |
| Payments for floorspace and furniture for the World Travel Market Africa Event | 150 000 | 199 989 |
| Payments for educational and media educational | 30 000 | 24 000 |
| | 430 000 | 374 489 |

ACVV

| | | |
|--|--------|--------|
| Payments for Community Support project | 12 500 | 24 000 |
|--|--------|--------|

46. Change in estimate

Property, plant and equipment

The prior year accounting estimates relating to the estimated useful lives of furniture and fittings, office equipment, plant and equipment and other plant and equipment were evaluated during the 2018/2019 financial year and the changes in estimates were implemented on 01 July 2018. This led to a change in the depreciation for the 2018/2019 financial year from the 2017/2018 financial year. The amount of the depreciation, had the change in accounting estimate not been effected, the effect of the change in accounting estimate on depreciation for the 2018/2019 financial year as well as the amended depreciation are as follows

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| 46. Change in estimate (continued) | | |
| Asset type description | Total of depreciation on assets for 2018-19 had no change been effected: | Total new depreciation for 2018-19 after the change was affected: |
| | | Difference: Increase/ (decrease) in depreciation |
| Furniture and fittings | (2 051) | 11 734 |
| Office equipment | (108 438) | 358 257 |
| Other plant and equipment | (4 158) | 4 343 |
| Plant and equipment | (3 378) | 16 263 |
| | <u>(118 025)</u> | <u>390 597</u> |
| | | <u>272 572</u> |
| Furniture and fittings | | |
| Change in depreciation for 2018-19 | | 9 683 |
| Change in accumulated depreciation for 2018-19 | | (9 683) |
| | | <u>-</u> |
| Office Equipment | | |
| Change in depreciation for 2018-19 | | 249 819 |
| Change in accumulated depreciation for 2018-19 | | (249 819) |
| | | <u>-</u> |
| Other Plant and equipment | | |
| Change in depreciation for 2018-19 | | 185 |
| Change in accumulated depreciation for 2018-19 | | (185) |
| | | <u>-</u> |
| Plant and equipment | | |
| Change in depreciation for 2018-19 | | 12 884 |
| Change in accumulated depreciation for 2018-19 | | (12 884) |
| | | <u>-</u> |

The effect of the change in estimate led to an decrease in depreciation of furniture and fittings of R 9 683.28, decrease in depreciation of Office equipment of R 249 819.20, decrease in depreciation of Other Plant and equipment of R 185.05 and a decrease in depreciation of Plant and Equipment of R 12 884.39 for the future years.

47. Actual operating expenditure versus budgeted operating expenditure

According to the Accounting Policy, explanations should be provided in cases where the difference between the Adjustments Budget and the Actual Expenditure exceeds 10%.

47.1 Statement of Financial Position

Assets

Current Assets

Inventories

The provision for inventories was based on past trends which was higher than expected.

Other receivables from exchange transactions

The material difference between the actual and the budget is due to the fact that the municipality anticipated interest rates to increase which would have increase the accrued interest amount disclosed.

Cape Winelands District Municipality

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47. Actual operating expenditure versus budgeted operating expenditure (continued)

Receivables from non- exchange transactions

Variance is less than 10%, no reason required.

Vat receivable

Variance is less than 10%, no reason required.

Employee benefit asset

Variance is less than 10%, no reason required

Cash and Cash Equivalents

Variance is less than 10%, no reason required.

Trade receivables from exchange transactions

Due to the high percentage of under collection in the past the municipality decreased the budget to ensure that the revenue is not overstated in the budget.

Cash and Cash Equivalents

Variance is less than 10%, no reason required.

Non-Current Assets

Property, plant and equipment

Variance is less than 10%, no reason required.

Intangible assets

The variance is due to savings as a result of input VAT as well as the prior period error, were intangibles assets should have been disposed.

Employee benefit asset

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

Liabilities

Current Liabilities

Payables from exchange transactions

The variance is due to the expectation that the Department of Transport and Public Works transfers huge amount of funds in April as an advance for claims submitted.

Employee benefit obligation

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

Unspent conditional grants and receipts

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47. Actual operating expenditure versus budgeted operating expenditure (continued)

The outcome of the roll-over request for grant funding was only finalised in the latter part of the year and therefore it was impossible to timeously finalise the relevant Supply Chain Management processes by 30 June 2019. Non-responsive bids also added to the underspending as well as grants received in last quarter of the financial year which made project implementation not possible.

Provisions

The variance relates to insurance claims that were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. No budget appropriation has been made during the relevant budget processes.

Non-Current Liabilities

Employee Benefits

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

Net Assets

Accumulated surplus

Less than 10%. No reason required.

47.2 Statement of Financial Performance

Revenue from exchange transactions

Service charges

Less than 10%. No reason required.

Rental of facilities and equipment

Less than 10%. No reason required.

Agency services

A substantial amount was allocated to recover the Employee Benefit Asset in respect of the Post Employment Medical Aid for the Roads Function. Due to the overlap in financial years, the relevant allocation was made in the fourth quarter of the financial year.

Other income

Less than 10%. No reason required.

Interest received - investment

Variance is less than 10%, no reason required.

Revenue from non-exchange transactions

Transfer revenue

Government grants and subsidies



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47. Actual operating expenditure versus budgeted operating expenditure (continued)

Variance is less than 10%, no reason required.

Expenditure

Employee related costs

The calculation of the employee benefit asset amount had an effect on the employee related cost as the amount credited against the service and interest cost lower than expected.

Remuneration of councillors

Variance is less than 10%, no reason required.

Depreciation and amortisation

The under expenditure on the capital budget led to the under expenditure of depreciation.

Debt impairment

Variance is less than 10%, no reason required.

Lease rentals on operating lease

Variance is less than 10%, no reason required.

Bad debt written off

The municipality did not write off any debt in the 2018/2019 financial year. The contract of the debt collection agency ended in June 2019 and the municipality would first like to engage with the new service provider before a recommendation to write off debt is made to council.

Contracted services

Various projects relating to integrated public transport, sidewalks and embayments, building maintenance, asset maturity assessment and other reflect a saving at year end. The municipality were also allocated grants late in the 2018/2019 financial year from Provincial Government which could not be spend before year end. VAT claimed on contracted services further added to this underspending.

Transfers and subsidies

Variance is less than 10%, no reason required.

General expenses

The underspending is due to various information technology communication operational expenditure, human resource management programs. A relatively large saving occurred with municipal accounts due to the fact that an increase in electricity and water was lower than expected.

Loss on disposal of assets and liabilities

Variance is less than 10%, no reason required.

Inventories losses / write downs

Variance is less than 10%, no reason required.



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47. Actual operating expenditure versus budgeted operating expenditure (continued)

47.3 Cash Flow Statement

Sale of goods and services

Refer to reason provided above for the Statement of financial performance.

Grants

Variance is less than 10%, no reason required.

Interest income

The provision for accrued interest was taken into account with the budget process. The expected interest rate was higher than expected.

Employee cost

Variance is less than 10%, no reason required.

Suppliers

Variance is less than 10%, no reason required.

Other payments: remuneration to councillors

Variance is less than 10%, no reason required.

Purchase of property, plant and equipment

The variance exist due to the fact that items was acquired much less than budgeted for, The fact that the municipality does not have a large capital budget these items had a huge influence on the percentage expenditure

Proceeds from sale of property, plant and equipment

At the time that the final budget is approved it is not known which assets will be disposed at year end.

Purchase of other intangible assets

The municipality did not budget for the acquisition of intangible assets. The assets classified as intangible assets was budgeted for under property, plant and equipment.

48. Capital commitments

Approved and contracted for

Property, plant and equipment (Buildings)

Total capital commitments

| | | |
|--|---|---------|
| | - | 461 681 |
| | - | 461 681 |

The municipality did not have any capital commitments at 30 June 2018. The capital commitments for the 2017/2018 financial year relates to the upgrading of personnel quarters (T2017/046), at the Stellenbosch Fire Station.



Cape Winelands District Municipality

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49. Events after reporting date

Events were identified subsequent to the reporting date but prior to the date when the financial statements were authorised for issue that had an adjusting effect on other receivables from exchange transactions and provisions. The adjustment amounts were included in other receivables from exchange transactions (note 4) and provisions (note 41). The additional amount included in the note to other receivables from exchange transactions relating to the adjusting event amounted to R213 413 (2017: R5 825). The additional amount included in the note to provisions relating to the adjusting event amounted to R (2017: R21 620).

On the 29 August 2019 the Council approved (item C.15.1) the draft Settlement Agreement in terms of which Mr. C.V. Schroeder will resign on 31 August 2019 and an all-inclusive settlement amount of R829,118.62 (eight hundred and twenty-nine thousand, one hundred and eighteen rand and sixty-two cent), that consists of six (6) months' salary be paid to Mr. Schroeder, subject to the tax directive and less all statutory deductions.

DC2 Cape Winelands DM - Reconciliation of Table A1 Budget Summary

| Description | 2018/19 | | | | | | | 2017/18 | | | | |
|--|-----------------|-------------------------------------|--------------------------|----------------|--------------------------|-----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|-------------------------|
| | Original Budget | Budget Adjustments (I.e. MFMA s28) | Final adjustments budget | Actual Outcome | Unauthorized expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Revised Audited Outcome |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Financial Performance | | | | | | | | | | | | |
| Property rates | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment revenue | 51 850 | 3 396 | 55 246 | 54 294 | - | (852) | 99,3% | 104,7% | - | - | - | - |
| Transfers recognised - operational | 233 097 | 2 928 | 236 023 | 231 888 | - | (4 135) | 98,3% | 99,5% | - | - | - | - |
| Other own revenue | 122 478 | 21 283 | 143 761 | 112 326 | - | (31 435) | 78,1% | 81,7% | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 407 425 | 27 604 | 435 029 | 398 609 | | (36 421) | 91,6% | 97,6% | | | | |
| Employee costs | 212 705 | 1 065 | 213 772 | 179 038 | - | (34 733) | 83,8% | 84,2% | - | - | - | - |
| Remuneration of councillors | 11 746 | 712 | 12 458 | 12 171 | - | (287) | 97,7% | 103,6% | - | - | - | - |
| Debt impairment | 5 571 | (4 504) | 1 068 | 56 | - | (1 011) | 5,2% | 1,0% | - | - | - | - |
| Depreciation & asset impairment | 10 000 | 3 055 | 13 055 | 11 758 | - | (1 337) | 89,8% | 117,6% | - | - | - | - |
| Finance charges | 8 | (8) | - | - | - | - | - | - | - | - | - | - |
| Materials and bulk purchases | 17 889 | 13 270 | 31 259 | 28 282 | - | (2 977) | 90,4% | 157,1% | - | - | - | - |
| Transfers and grants | 9 271 | 3 155 | 12 426 | 11 424 | - | (1 003) | 91,9% | 123,2% | - | - | - | - |
| Other expenditure | 137 778 | 11 219 | 148 997 | 105 003 | - | (43 994) | 70,5% | 78,2% | - | - | - | - |
| Total Expenditure | 405 877 | 28 057 | 433 934 | 347 733 | | (86 201) | 80,3% | 85,8% | | | | |
| Surplus/(Deficit) | 2 348 | (493) | 1 845 | 50 876 | - | 48 351 | 2615,3% | 2168,7% | - | - | - | - |
| Transfers recognised - capital | - | - | - | - | - | - | - | - | - | - | - | - |
| Contributions received - capital & contributed assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 2 348 | (493) | 1 845 | 50 876 | | 48 351 | 2615,3% | 2168,7% | | | | |
| Share of surplus/(deficit) of associates | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 2 348 | (493) | 1 845 | 50 876 | | 48 351 | 2615,3% | 2168,7% | | | | |
| Capital expenditure & funds sources | | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | | |
| Transfers recognised - capital | 2 348 | (493) | 1 845 | 1 952 | - | (203) | 94,9% | 70,3% | - | - | - | - |
| Public contributions & donations | - | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 28 133 | (14 295) | 14 668 | 12 598 | - | (2 271) | 84,7% | 43,2% | - | - | - | - |
| Total sources of capital funds | 31 481 | (14 668) | 16 813 | 14 248 | | (2 565) | 84,7% | 46,3% | | | | |
| Cash flows | | | | | | | | | | | | |
| Net cash from/(used) operating | 29 959 | 11 300 | 41 356 | 54 305 | - | 12 947 | 131,3% | 161,3% | - | - | - | - |
| Net cash from/(used) investing | (31 481) | 14 668 | (16 813) | (14 049) | - | 2 764 | 80,6% | 44,6% | - | - | - | - |
| Net cash from/(used) financing | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash/cash equivalents at the year end | 684 698 | 28 057 | 646 578 | 656 288 | | 15 711 | 162,5% | 111,1% | | | | |



DC2 Cape Winelands DM - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Description | 2018/19 | | | | | | 2017/18 | | | | | |
|--|-----------------|------------------------------------|--------------------------|----------------|--------------------------|---|-------------------------------------|--|-----------------------------------|---|-------------------------|------------------------|
| | Original Budget | Budget Adjustments (i.e. MFMA 628) | Final adjustments budget | Actual Outcome | Unauthorized expenditure | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised by terms of section 32 of EFSA | Balance to be recovered | Revised Actual Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Revenue - Standard | | | | | | | | | | | | |
| Governance and administration | 279 827 | 18 348 | 300 276 | 282 723 | | (2 048) | 94,1% | 105,0% | | | | |
| Executive and council | 64 247 | 17 059 | 71 306 | 70 361 | | (895) | 98,6% | 129,7% | | | | |
| Budget and treasury office | 224 799 | 693 | 225 399 | 224 561 | | (838) | 99,7% | 99,9% | | | | |
| Corporate services | 682 | 681 | 1 573 | 630 | | (683) | 43,9% | 77,4% | | | | |
| Community and public safety | 6 394 | 1 308 | 6 687 | 6 843 | | (1 094) | 83,9% | 104,8% | | | | |
| Community and social services | 74 | (74) | - | 78 | | 78 | #DIV/0! | 105,0% | | | | |
| Sport and recreation | - | - | - | - | | - | - | - | | | | |
| Public safety | 200 | 639 | 1 136 | 136 | | (1 000) | 12,0% | 68,0% | | | | |
| Housing | 4 780 | 327 | 5 107 | 4 755 | | (352) | 93,1% | 99,9% | | | | |
| Health | 200 | 114 | 364 | 675 | | 211 | 167,9% | 229,9% | | | | |
| Economic and environmental services | 122 146 | 7 082 | 130 007 | 111 061 | | (18 947) | 85,4% | 90,9% | | | | |
| Planning and development | 377 | (377) | - | - | | - | - | - | | | | |
| Road transport | 117 418 | 12 895 | 130 007 | 111 261 | | (18 747) | 85,6% | 94,0% | | | | |
| Environmental protection | 4 356 | (4 356) | - | - | | - | - | - | | | | |
| Trading services | - | - | - | - | | - | - | - | | | | |
| Electricity | - | - | - | - | | - | - | - | | | | |
| Water | - | - | - | - | | - | - | - | | | | |
| Waste water management | - | - | - | - | | - | - | - | | | | |
| Waste management | - | - | - | - | | - | - | - | | | | |
| Other | 39 | - | 39 | 41 | | 2 | 82,0% | 82,0% | | | | |
| Total Revenue - Standard | 497 428 | 27 864 | 498 628 | 412 579 | | (28 049) | 84,0% | 161,2% | | | | |
| Expenditure - Standard | | | | | | | | | | | | |
| Governance and administration | 148 291 | 679 | 149 004 | 187 688 | (9 121) | (8 121) | 79,0% | 74,1% | | | | |
| Executive and council | 43 658 | (4 933) | 38 725 | 20 850 | (17 665) | (17 665) | 64,1% | 47,9% | | | | |
| Budget and treasury office | 23 633 | 4 413 | 27 946 | 23 080 | (4 866) | (4 866) | 82,6% | 98,0% | | | | |
| Corporate services | 78 161 | 1 108 | 79 269 | 62 779 | (16 491) | (16 491) | 78,6% | 81,0% | | | | |
| Community and public safety | 126 488 | 3 267 | 129 755 | 122 877 | (6 878) | (6 878) | 89,9% | 87,9% | | | | |
| Community and social services | 13 068 | 653 | 13 742 | 12 781 | (690) | (690) | 92,6% | 97,4% | | | | |
| Sport and recreation | - | - | - | - | | - | - | - | | | | |
| Public safety | 61 378 | 4 766 | 66 774 | 63 746 | (3 028) | (3 028) | 95,6% | 102,9% | | | | |
| Housing | 13 137 | (884) | 12 253 | 10 716 | (1 487) | (1 487) | 87,7% | 81,2% | | | | |
| Health | 37 224 | 932 | 38 156 | 34 864 | (3 303) | (3 303) | 91,3% | 93,6% | | | | |
| Economic and environmental services | 127 096 | 21 479 | 148 499 | 124 869 | (23 630) | (23 630) | 84,1% | 96,4% | | | | |
| Planning and development | 11 122 | (857) | 10 265 | 9 023 | (1 242) | (1 242) | 87,9% | 81,1% | | | | |
| Road transport | 111 855 | 26 279 | 138 134 | 115 638 | (22 504) | (22 504) | 83,9% | 103,0% | | | | |
| Environmental protection | 4 051 | (3 844) | 97 | 87 | (10) | (10) | 89,8% | 2,2% | | | | |
| Trading services | - | - | - | - | | - | - | - | | | | |
| Electricity | - | - | - | - | | - | - | - | | | | |
| Water | - | - | - | - | | - | - | - | | | | |
| Waste water management | - | - | - | - | | - | - | - | | | | |
| Waste management | - | - | - | - | | - | - | - | | | | |
| Other | 7 240 | 661 | 7 899 | 4 798 | (1 197) | (1 197) | 60,8% | 62,9% | | | | |
| Total Expenditure - Standard | 486 477 | 28 667 | 493 084 | 361 922 | (7 162) | (7 162) | 69,8% | 88,9% | | | | |
| Surplus/(Deficit) for this year | 2 348 | (499) | 1 849 | 49 657 | 49 657 | 49 657 | 2916,5% | 2166,7% | | | | |

DC2 Cape Winelands DM - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2018/19 | | | | | | | | 2017/18 | | | |
|---|-----------------|------------------------------------|--------------------------|----------------|--------------------------|---|-------------------------------------|--|-----------------------------------|---|-------------------------|-------------------------|
| | Original Budget | Budget Adjustments (U/L, MFMA s28) | Final adjustments budget | Actual Outcome | Unauthorized expenditure | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Revised Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Revenue by Vote | | | | | | | | | | | | |
| Vote 1 - REGIONAL DEVELOPMENT AND PLAN | 4 782 | (4 722) | 50 | 41 | | (9) | 82,0% | 0,0% | | | | |
| Vote 2 - COMM AND DEV | 450 | 1 050 | 1 500 | 711 | | (789) | 47,4% | 157,0% | | | | |
| Vote 3 - ENGINEERING | 5 815 | 1 152 | 6 967 | 5 731 | | (1 236) | 82,3% | 98,0% | | | | |
| Vote 4 - RURAL AND SOCIAL | 74 | (74) | - | 78 | | 78 | ND/ND | 105,0% | | | | |
| Vote 5 - OFFICE OF THE LM | - | 200 | 200 | - | | (200) | - | - | | | | |
| Vote 6 - FINANCIAL SERVICES | 224 768 | 588 | 225 356 | 224 681 | | (675) | 99,7% | 99,9% | | | | |
| Vote 7 - CORPORATE SERVICES | 65 604 | 17 463 | 83 067 | 70 810 | | (12 257) | 84,1% | 109,3% | | | | |
| Vote 8 - ROADS AGENCY | 116 613 | 11 977 | 128 590 | 110 345 | | (18 245) | 85,9% | 94,7% | | | | |
| Vote 9 - TASK | - | - | - | - | | - | - | - | | | | |
| Vote 10 - HEALTH AGENCY | - | - | - | - | | - | - | - | | | | |
| Vote 11 - CORPORATE SERVICES | - | - | - | - | | - | - | - | | | | |
| Example 12 - Vote12 | - | - | - | - | | - | - | - | | | | |
| Example 13 - Vote13 | - | - | - | - | | - | - | - | | | | |
| Example 14 - Vote14 | - | - | - | - | | - | - | - | | | | |
| Example 15 - Vote15 | - | - | - | - | | - | - | - | | | | |
| Total Revenue by Vote | 407 425 | 27 604 | 435 029 | 412 378 | | (22 652) | 94,8% | 101,2% | | | | |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | |
| Vote 1 - REGIONAL DEVELOPMENT AND PLAN | 22 493 | (4 247) | 18 246 | 15 897 | | (2 349) | 87,1% | 70,7% | | | | |
| Vote 2 - COMM AND DEV | 89 213 | 5 728 | 94 941 | 80 658 | | (14 283) | 84,9% | 89,4% | | | | |
| Vote 3 - ENGINEERING | 46 390 | (1 940) | 44 450 | 33 280 | | (11 170) | 74,9% | 71,8% | | | | |
| Vote 4 - RURAL AND SOCIAL | 13 069 | 603 | 13 742 | 12 761 | | (981) | 92,9% | 97,4% | | | | |
| Vote 5 - OFFICE OF THE LM | 19 728 | 2 678 | 22 406 | 10 592 | | (11 814) | 47,3% | 53,8% | | | | |
| Vote 6 - FINANCIAL SERVICES | 23 533 | 4 413 | 27 946 | 23 989 | | (3 957) | 85,9% | 101,5% | | | | |
| Vote 7 - CORPORATE SERVICES | 81 182 | (5 140) | 76 042 | 51 286 | | (24 756) | 67,5% | 63,2% | | | | |
| Vote 8 - ROADS AGENCY | 101 637 | 29 593 | 131 230 | 110 012 | | (21 218) | 83,8% | 100,2% | | | | |
| Vote 9 - TASK | - | - | - | - | | - | - | - | | | | |
| Vote 10 - HEALTH AGENCY | - | - | - | - | | - | - | - | | | | |
| Vote 11 - CORPORATE SERVICES | 6 835 | (130) | 6 705 | 5 993 | | (712) | 88,0% | 87,7% | | | | |
| Example 12 - Vote12 | - | - | - | - | | - | - | - | | | | |
| Example 13 - Vote13 | - | - | - | - | | - | - | - | | | | |
| Example 14 - Vote14 | - | - | - | - | | - | - | - | | | | |
| Example 15 - Vote15 | - | - | - | - | | - | - | - | | | | |
| Total Expenditure by Vote | 405 077 | 28 007 | 433 084 | 361 502 | | (71 582) | 83,5% | 89,2% | | | | |
| Surplus/(Deficit) for the year | 2 348 | (403) | 1 945 | 50 876 | | 48 928 | 281,3% | 216,7% | | | | |



DC2 Cape Winelands DM - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | 2016/17 | | | | | | 2017/18 | | | | | |
|--|-----------------|------------------------------------|---------------------------|----------------|--------------------------|------------------|-------------------------------------|--|-----------------------------------|---|-------------------------|---------------------------|
| | Original Budget | Budget Adjustments (i.e. MFMA 42B) | Final adjustments: budget | Actual Outcome | Unauthorized expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure restricted to terms of section 32 of MFMA | Balance to be recovered | Restricted Actual Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Revenue By Source | | | | | | | | | | | | |
| Property sales | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Property sales - penalties & collection charges | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Service charges - electricity revenue | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Service charges - water revenue | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Service charges - sanitation revenue | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Service charges - refuse revenue | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Service charges - other | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Rental of facilities and equipment | 151 | 117 | 248 | 242 | -- | (9) | 100,0% | 159,6% | -- | -- | -- | -- |
| Interest earned - external investments | 51 650 | 3 385 | 55 245 | 54 294 | -- | (952) | 98,3% | 104,7% | -- | -- | -- | -- |
| Interest earned - outstanding debtors | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Dividends received | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Fees | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Licences and permits | 250 | 114 | 394 | 376 | -- | (18) | 147,9% | 220,0% | -- | -- | -- | -- |
| Agency services | 120 798 | 7 622 | 128 380 | 128 553 | -- | (177) | 99,3% | 106,5% | -- | -- | -- | -- |
| Transfers recognised - operational | 238 067 | 2 328 | 238 025 | 231 369 | -- | (6 656) | 97,2% | 99,0% | -- | -- | -- | -- |
| Other revenue | 1 330 | 13 425 | 14 769 | 2 951 | -- | (11 818) | 20,0% | 22,6% | -- | -- | -- | -- |
| Gain on disposal of PPE | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total Revenue (excluding capital transfers and contributions) | 487 425 | 27 404 | 458 929 | 388 929 | -- | (69 999) | 84,8% | 87,9% | -- | -- | -- | -- |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | 212 705 | 1 068 | 213 772 | 179 089 | -- | (34 683) | 83,8% | 84,2% | -- | -- | -- | -- |
| Remuneration of councilors | 11 746 | 712 | 12 458 | 12 171 | -- | (287) | 97,7% | 103,6% | -- | -- | -- | -- |
| Debt Impairment | 5 571 | (4 524) | 1 046 | 55 | -- | (991) | 5,2% | 1,0% | -- | -- | -- | -- |
| Depreciation & asset impairment | 10 093 | 3 096 | 13 089 | 11 765 | -- | (1 324) | 89,9% | 117,6% | -- | -- | -- | -- |
| Finance charges | 8 | (8) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| State purchases | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other material | 17 899 | 13 270 | 31 209 | 29 252 | -- | (1 957) | 93,7% | 167,0% | -- | -- | -- | -- |
| Contracted services | 87 826 | (9 126) | 88 080 | 43 485 | -- | (44 595) | 49,4% | 50,7% | -- | -- | -- | -- |
| Transfers and grants | 8 271 | 3 155 | 12 426 | 11 424 | -- | (1 002) | 92,0% | 139,2% | -- | -- | -- | -- |
| Other expenditure | 70 562 | 19 439 | 89 988 | 60 937 | -- | (29 051) | 67,7% | 85,9% | -- | -- | -- | -- |
| Loss on disposal of PPE | 20 | 308 | 328 | 361 | -- | (33) | 110,3% | 463,5% | -- | -- | -- | -- |
| Total Expenditure | 495 077 | 28 907 | 458 984 | 347 733 | -- | (111 251) | 75,6% | 80,0% | -- | -- | -- | -- |
| Surplus/(Deficit) | 2 948 | (403) | 1 945 | 141 996 | -- | 111 251 | 29,1% | 216,7% | -- | -- | -- | -- |
| Transfers recognised - capital | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Contributed assets | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Surplus/(Deficit) after capital transfers & contributions | 2 948 | (403) | 1 945 | 141 996 | -- | 111 251 | 29,1% | 216,7% | -- | -- | -- | -- |
| Taxation | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Surplus/(Deficit) after taxation | 2 948 | (403) | 1 945 | 141 996 | -- | 111 251 | 29,1% | 216,7% | -- | -- | -- | -- |
| Attributable to municipality | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Share of surplus/(deficit) of associate | 2 948 | (403) | 1 945 | 141 996 | -- | 111 251 | 29,1% | 216,7% | -- | -- | -- | -- |
| Surplus/(Deficit) for the year | 2 948 | (403) | 1 945 | 141 996 | -- | 111 251 | 29,1% | 216,7% | -- | -- | -- | -- |



2019 -11- 30

DIRECTOR - GENERAL
SOUTH AFRICA

DC2 Cape Winelands DM - Reconciliation of Table A8 Disputed Capital Expenditure by sector, standard classification and funding

| Vote Description | 2018/19 | | | | | | | 2017/18 | | | | |
|---|-----------------|--|--------------------------|----------------|--------------------------|----------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Total Budget Adjustments (R.A. MSA's 2019) | Final Information Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised by terms of section 32 of MFSA | Balance to be recovered | Relevant Audited Outcome |
| Revenue | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Capital expenditure - Total | | | | | | | | | | | | |
| Multi-year expenditure | | | | | | | | | | | | |
| Vote 1 - PERSONAL DEVELOPMENT AND PLAN | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Vote 2 - COAST AND DEV | 11 439 | (19 891) | -- | -- | -- | -- | -- | -- | | | | |
| Vote 3 - ENGINEERING | 7 763 | (7 764) | -- | -- | -- | -- | -- | -- | | | | |
| Vote 4 - RURAL AND SOCIAL | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Vote 5 - OFFICE OF THE LAM | 308 | (296) | -- | -- | -- | -- | -- | -- | | | | |
| Vote 6 - FINANCIAL SERVICES | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Vote 7 - CORPORATE SERVICES | 18 | (10) | -- | -- | -- | -- | -- | -- | | | | |
| Vote 8 - RORSA AGENCY | 763 | (296) | -- | -- | -- | -- | -- | -- | | | | |
| Vote 9 - TOUR | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Vote 10 - HEALTH AGENCY | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Vote 11 - CORPORATE SERVICES | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Example 12 - Vote 2 | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Example 13 - Vote 3 | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Example 14 - Vote 4 | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Example 15 - Vote 5 | -- | -- | -- | -- | -- | -- | -- | -- | | | | |
| Capital multi-year expenditure | 28 931 | (29 691) | -- | -- | -- | -- | -- | -- | | | | |
| Single-year expenditure | | | | | | | | | | | | |
| Vote 1 - PERSONAL DEVELOPMENT AND PLAN | 49 | (27) | 13 | 13 | | -- | 100% | 37% | | | | |
| Vote 2 - COAST AND DEV | 327 | (8 688) | 8 361 | 8 361 | | (2 623) | 85% | 198% | | | | |
| Vote 3 - ENGINEERING | 7 529 | (7 531) | 4 332 | 4 332 | | (1 197) | 57% | 48% | | | | |
| Vote 4 - RURAL AND SOCIAL | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Vote 5 - OFFICE OF THE LAM | 38 | (83) | 345 | 345 | | (307) | 71% | 91% | | | | |
| Vote 6 - FINANCIAL SERVICES | 25 | (16) | 9 | 9 | | (16) | 100% | 37% | | | | |
| Vote 7 - CORPORATE SERVICES | 2 285 | (482) | 2 484 | 1 739 | | (745) | 81% | 76% | | | | |
| Vote 8 - RORSA AGENCY | 1 588 | 317 | 1 905 | 1 462 | | (443) | 86% | 165% | | | | |
| Vote 9 - TOUR | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Vote 10 - HEALTH AGENCY | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Vote 11 - CORPORATE SERVICES | 6 | (5) | 3 | 5 | | (5) | 100% | 48% | | | | |
| Example 12 - Vote 2 | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Example 13 - Vote 3 | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Example 14 - Vote 4 | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Example 15 - Vote 5 | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Capital single-year expenditure | 11 290 | 5 223 | 18 673 | 14 348 | | (2 342) | 89% | 129% | | | | |
| Total Capital Expenditure - Vote | 31 481 | (14 888) | 16 593 | 14 348 | | (2 342) | 89% | 49% | | | | |
| Capital Expenditure - Standard | | | | | | | | | | | | |
| Revenue and maintenance | 17 844 | (8 640) | 9 204 | 9 420 | | (1 636) | 79% | 38% | | | | |
| Revenue and interest | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Budget and treasury office | 26 | (14) | 10 | 18 | | (8) | 100% | 37% | | | | |
| Corporate services | 17 328 | (8 695) | 8 688 | 8 688 | | (1 697) | 77% | 31% | | | | |
| Community and public safety | 41 718 | (6 645) | 3 517 | 3 615 | | (368) | 10% | 8% | | | | |
| Domestic and social services | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Sport and recreation | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Public safety | 11 688 | (5 927) | 5 742 | 5 688 | | (854) | 9% | 6% | | | | |
| Health | 38 | (1) | 38 | 35 | | (3) | 100% | 85% | | | | |
| Economic and environmental services | 2 889 | (899) | 1 990 | 1 688 | | (302) | 48% | 79% | | | | |
| Planning and development | 25 | (1) | 13 | 13 | | -- | 100% | 8310% | | | | |
| Road transport | 2 549 | (423) | 1 665 | 1 482 | | (183) | 85% | 79% | | | | |
| Environmental protection | 40 | (49) | -- | -- | | -- | -- | -- | | | | |
| Supply services | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Electricity | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Water | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Municipal management | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Waste management | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Other | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Total Capital Expenditure - Standard | 31 481 | (14 888) | 16 593 | 14 348 | | (2 342) | 89% | 49% | | | | |
| Capital List | | | | | | | | | | | | |
| Metropolitan Government | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Provincial Government | 3 538 | (403) | 1 668 | 1 682 | | (856) | 80% | 79% | | | | |
| Public liability | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Other transfers and grants | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Transfers receivable - capital | 3 998 | (492) | 1 988 | 1 682 | | (316) | 89% | 79% | | | | |
| Public contributions & donations | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Donations | -- | -- | -- | -- | | -- | -- | -- | | | | |
| Inter-city financial assets | 28 132 | (14 888) | 14 898 | 12 986 | | (1 912) | 89% | 49% | | | | |
| Total Capital Funding | 31 481 | (14 888) | 16 593 | 14 348 | | (2 342) | 89% | 49% | | | | |


2019 -11- 30
AUDITOR - GENERAL
SOUTH AFRICA

DC2 Cape Winelands DfF - Reconciliation of Table A7 Budgeted Cash Flows

| Description | 2018/19 | | | | | | | 2017/18 |
|---|-----------------|-------------------------------|--------------------------|-----------------|---------------|-------------------------------------|--|-------------------------|
| | Original Budget | Budget Adjustments (L.o. v28) | Final adjustments budget | Actual Outcome | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Revised Audited Outcome |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Ratepayers and other | 122 478 | 6 029 | 128 507 | 111 272 | (17 235) | 86,6% | 90,9% | |
| Government - operating | 233 097 | 1 426 | 234 523 | 231 989 | (2 534) | 98,5% | 99,5% | |
| Government - capital | - | - | - | - | - | - | - | |
| Interest | 51 950 | (850) | 51 000 | 53 985 | 2 985 | 105,8% | 104,1% | |
| Dividends | - | - | - | - | - | - | - | |
| Payments | | | | | | | | |
| Suppliers and employees | (358 187) | 4 787 | (353 400) | (331 496) | 31 904 | 91,2% | 90,0% | |
| Finance charges | (8) | 8 | - | - | - | - | - | |
| Transfers and Grants | (8 271) | - | (8 271) | (11 484) | (2 183) | 123,2% | 123,2% | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 29 959 | 11 398 | 41 358 | 54 905 | 12 847 | 131,3% | 181,3% | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Proceeds on disposal of PPE | - | - | - | 199 | 199 | #DIV/0! | #DIV/0! | |
| Decrease (increase) in non-current debtors | - | - | - | - | - | - | - | |
| Decrease (increase) other non-current receivables | - | - | - | - | - | - | - | |
| Decrease (increase) in non-current investments | - | - | - | - | - | - | - | |
| Payments | | | | | | | | |
| Capital assets | (21 481) | 4 864 | (16 617) | (14 248) | 2 369 | 84,7% | 45,2% | |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (21 481) | 4 864 | (16 617) | (14 049) | 2 784 | 83,6% | 44,6% | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Short term loans | - | - | - | - | - | - | - | |
| Borrowing long term/financing | - | - | - | - | - | - | - | |
| Increase (decrease) in counter deposits | - | - | - | - | - | - | - | |
| Payments | | | | | | | | |
| Repayment of borrowing | - | - | - | - | - | - | - | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | - | - | - | - | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | (1 522) | 26 087 | 24 841 | 40 256 | | | | |
| Cash/cash equivalents at the year begin: | 582 131 | - | 618 034 | 616 034 | | | | |
| Cash/cash equivalents at the year end: | 580 609 | 26 087 | 640 578 | 656 290 | 16 711 | 102,5% | 102,1% | |


2019 -11- 30
 JOITOR - GENERAL
 SOUTH AFRICA

Annexure B

Disclosure of benefits in terms of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), schedule 1.5(2) and schedule 2.5(1), in respect of business associations

In terms of Schedule 1.5(2) A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefits from a contract concluded with the municipality, must disclose full particulars of the benefit which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make disclosure; and

In terms of Schedule 2.5(1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.

| BENEFICIARY | RELATIONSHIP | DETAIL (INDIRECT RELATION) | THIRD PARTY CONNECTION | 2019 | 2018 |
|-------------------------------------|--------------------|------------------------------|------------------------|-------|------|
| WR Meiring (Groot Zand Boerdery) | Business Associate | HF Prins (Municipal Manager) | River Five CC | 4 500 | - |
| | | | | 4 500 | - |

The Municipal Manager, Mr HF Prins, indicated in his quarterly and annual declaration of interest that he holds 25% share in River Five CC. Mr Prins has a business associate in River Five CC who is a beneficiary of the Cape Winelands District Municipality's Project: Renewable Infrastructure – Rural Areas in terms of the Policy for Electrification of Rural Homes and the Supply of Solar Water Heating Systems. Cognisance must be taken of the fact that the Municipal Manager does not have a direct relationship with the beneficiary of the Municipality.

Necessary internal controls are implemented to consider the possibility, and to assess the likelihood, that a relationship between the key management and councillors of the Municipality and related parties of suppliers with whom the Municipality does business with, would be able to influence a contract concluded by the Municipality in their mutual dealings, as envisaged in Schedules 1 par.5(2) and 2 par. 5(1) of the Municipal Systems Act.

