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# Overberg District Municipality

## Annual Report 2018/19

### Volume II



## Annual Financial Statements

*In terms of section 121 of the Municipal Finance Management Act (Act 56 of 2003)*

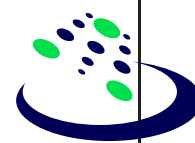
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# OVERBERG DISTRICT MUNICIPALITY



## ANNUAL FINANCIAL STATEMENTS

30 JUNE 2019



AUDITOR-GENERAL  
SOUTH AFRICA

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30 November 2019

# OVERBERG DISTRICT MUNICIPALITY

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# OVERBERG DISTRICT MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

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

### LEGAL FORM

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

### JURISDICTION

The Overberg District Municipality includes the following areas:

Cape Agulhas  
Overstrand  
Swellendam  
Theewaterskloof

### MEMBERS OF THE COUNCIL

Councillor	Ward/Area	Designation
AE Franken	Proportional	Executive Mayor
AG Klaas	Proportional	Deputy Executive Mayor
LM de Bruyn	Proportional	Speaker
L Ntsabo	Overstrand	Mayoral Committee Member
MJ Koch	Swellendam	Mayoral Committee Member
CM Lamprecht	Theewaterskloof	Mayoral Committee Member
HD Coetzee	Proportional	Mayoral Committee Member
E Sauls	Cape Agulhas	Councillor
EC Marthinus	Cape Agulhas	Councillor
MD Opperman	Overstrand	Councillor
C Resandt	Overstrand	Councillor
NM Sapepa	Overstrand	Councillor
C Wood	Theewaterskloof	Councillor
S Fredericks	Theewaterskloof	Councillor
R Brinkhuys	Theewaterskloof	Councillor
UT Sipunzi	Theewaterskloof	Councillor
SH Fourie	Proportional	Councillor
KJ Tiemie	Proportional	Councillor
MH Witbooi	Proportional	Councillor
VE Mentile	Proportional	Councillor
JC Gelderblom	Proportional	Councillor



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# OVERBERG DISTRICT MUNICIPALITY

## GENERAL INFORMATION

### MUNICIPAL MANAGER

Mr D P Beretti

### CHIEF FINANCIAL OFFICER

Mr CF Hoffmann

### REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

### POSTAL ADDRESS

Private Bag X22, Bredasdorp, 7280

### AUDITORS

Office of the Auditor General (WC)

### PRIMARY BANKER

Nedbank

### RELEVANT LEGISLATION

Municipal Finance Management Act, 2003. (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act,1998. (Act no 117 of 1998)  
Municipal Systems Act, 2000. (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act,1997. (Act no 108 of 1997)  
Housing Act,1997. (Act no 107 of 1997)  
Municipal Property Rates Act, 2004. (Act no 6 of 2004)  
Electricity Act,1987. (Act no 41 of 1987)  
Skills Development Levies Act,1999. (Act no 9 of 1999)  
Employment Equity Act,1998. (Act no 55 of 1998)  
Unemployment Insurance Act,1966. (Act no 30 of 1966)  
Basic Conditions of Employment Act,1997. (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALGBC Leave Regulations  
Municipal Budget and Reporting Regulations  
mSCOA Regulations  
Municipal Cost Containment Regulations, 2019 (Effective 1 July 2019)



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# OVERBERG DISTRICT MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 1 to 120 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and I am satisfied that the Municipality remains a going concern for the foreseeable future.

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

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

  
\_\_\_\_\_  
Mr D P Beretti  
Municipal Manager

30 NOVEMBER 2019  
Date



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# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
		<b>44 312 811</b>	<b>42 097 868</b>
Cash and Cash Equivalents	2	38 447 976	36 715 385
Receivables from exchange transactions	3	4 696 625	3 865 524
Receivables from non-exchange transactions	4	380 016	316 234
Operating Lease Asset	5	-	-
Taxes	6	-	175 190
Inventory	7	788 194	1 025 535
<b>Non-Current Assets</b>			
		<b>117 215 186</b>	<b>88 086 670</b>
Investment Property	8	12 879 850	13 059 850
Property, Plant and Equipment	9	75 597 706	46 205 777
Intangible Assets	10	305 058	388 472
Employee Benefits	11	28 432 572	28 432 572
<b>Total Assets</b>		<b>161 527 997</b>	<b>130 184 538</b>
<b>Current Liabilities</b>			
		<b>31 882 354</b>	<b>33 015 415</b>
Current Portion of Long-term Liabilities	12	2 872 212	2 556 280
Consumer Deposits	13	8 160	11 820
Payables from exchange transactions	14	11 697 502	17 482 345
Unspent Conditional Government Grants	15	4 331 567	2 189 198
Operating Lease Liability	5	-	-
Taxes	6	852 032	-
Current Employee benefits	16	12 120 881	10 775 772
<b>Non-Current Liabilities</b>			
		<b>107 129 361</b>	<b>79 237 562</b>
Long-term Liabilities	12	25 160 916	257 989
Employee benefits	17	51 478 643	57 648 956
Non-Current Provisions	18	30 489 802	21 330 616
<b>Total Liabilities</b>		<b>139 011 715</b>	<b>112 252 976</b>
<b>NET ASSETS</b>		<b>22 516 283</b>	<b>17 931 562</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	19	22 516 283	17 931 562
		<b>22 516 283</b>	<b>17 931 562</b>



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# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>85 439 902</b>	<b>69 719 630</b>
<b>Transfer Revenue</b>		<b>74 857 602</b>	<b>64 290 241</b>
Government Grants and Subsidies - Capital	20	1 483 000	890 000
Government Grants and Subsidies - Operating	20	73 374 602	63 400 089
Public Contributions and Donations	22	-	152
<b>Other Revenue</b>		<b>10 582 301</b>	<b>5 429 388</b>
Actuarial Gains	23	10 582 301	5 429 388
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>131 884 785</b>	<b>116 295 547</b>
<b>Operating Activities</b>		<b>131 884 785</b>	<b>116 295 547</b>
Roads Maintenance Services	21	93 654 452	81 190 509
Service Charges	24	2 102 464	74 753
Rental of Facilities and Equipment	25	15 201 012	15 737 164
Interest Earned - external investments		2 158 752	2 936 533
Licences and Permits		122 893	325 881
Agency Services	26	9 214 868	9 388 283
Insurance Receipts		244 053	409 321
Other Income	27	8 303 972	4 750 409
Gain on disposal of Investment Property		882 318	1 482 693
<b>TOTAL REVENUE</b>		<b>217 324 688</b>	<b>186 015 176</b>
<b>EXPENDITURE</b>			
Employee related costs	28	101 195 223	91 112 721
Remuneration of Councillors	29	6 264 038	6 141 571
Debt Impairment	30	61 499	14 720
Depreciation and Amortisation	31	4 068 053	4 634 920
Impairment	32	-	17 683
Actuarial losses	33	422 066	74 960
Finance Charges	34	9 081 292	7 999 175
Contracted services	35	15 512 286	14 516 619
Transfers and Grants	36	360 000	120 000
Other Expenditure	37	72 883 572	64 043 198
Stock Adjustments		47 685	482
Loss on disposal of Property, Plant and Equipment		2 844 254	17 002
<b>TOTAL EXPENDITURE</b>		<b>212 739 967</b>	<b>188 693 052</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>4 584 720</b>	<b>(2 677 876)</b>

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# OVERBERG DISTRICT MUNICIPALITY

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

	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2017 - Previously Reported</b>	<b>15 390 558</b>	<b>15 390 558</b>
Prior Period Adjustment - Refer to note 39.08	5 218 881	5 218 881
<b>Balance on 30 June 2017 - Restated</b>	<b>20 609 438</b>	<b>20 609 438</b>
Net Deficit for the Year	(2 677 876)	(2 677 876)
<b>Balance on 30 June 2018 - Restated</b>	<b>17 931 562</b>	<b>17 931 562</b>
Net Surplus for the Year	4 584 720	4 584 720
<b>Balance on 30 June 2019</b>	<b>22 516 283</b>	<b>22 516 283</b>



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# OVERBERG DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges		2 103 042	72 846
Other revenue		32 361 625	22 497 492
Roads Maintenance Services		87 586 336	86 637 363
Government - operating		74 152 314	63 834 218
Government - capital		4 183 000	890 000
Interest		2 227 718	2 900 792
<b>Payments</b>			
Suppliers and employees		(200 779 350)	(166 866 364)
Finance charges		(2 209 449)	(405 710)
Transfers and Grants		(360 000)	(120 000)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>40</b>	<b>(734 764)</b>	<b>9 440 638</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Investment Property		1 062 318	1 536 693
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(24 571 196)	(5 318 103)
Purchase of Intangible Assets		-	(13 800)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(23 508 878)</b>	<b>(3 795 210)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Loans Raised		28 392 514	-
Increase/(Decrease) in Consumer Deposits		(3 660)	-
<b>Payments</b>			
Loans repaid		(2 412 622)	(1 206 168)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>25 976 232</b>	<b>(1 206 168)</b>
<b>NET INCREASE IN CASH HELD</b>		<b>1 732 590</b>	<b>4 439 261</b>
Cash and Cash Equivalents at the beginning of the year		36 715 385	32 276 125
Cash and Cash Equivalents at the end of the year		38 447 976	36 715 385



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# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	38 447 976	39 527 598	(1 079 622)
Consumer debtors	3 733 152	1 281 938	2 451 214
Other Receivables	1 343 490	1 788 801	(445 311)
Inventory	788 194	1 025 535	(237 340)
<b>Total current assets</b>	<b>44 312 811</b>	<b>43 623 871</b>	<b>688 940</b>
<b>Non current assets</b>			
Employee Benefits	28 432 572	28 432 572	-
Investment property	12 879 850	1 198 950	11 680 900
Property, plant and equipment	75 597 706	81 019 662	(5 421 956)
Intangible Assets	305 058	307 082	(2 024)
<b>Total non current assets</b>	<b>117 215 186</b>	<b>110 958 266</b>	<b>6 256 920</b>
<b>TOTAL ASSETS</b>	<b>161 527 997</b>	<b>154 582 137</b>	<b>6 945 860</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	2 872 212	2 872 212	-
Consumer deposits	8 160	11 820	(3 660)
Trade and other payables	16 881 101	14 449 650	2 431 451
Provisions and Employee Benefits	12 120 881	11 422 319	698 563
<b>Total current liabilities</b>	<b>31 882 354</b>	<b>28 756 000</b>	<b>3 126 354</b>
<b>Non current liabilities</b>			
Borrowing	25 160 916	25 160 916	-
Provisions and Employee Benefits	81 968 445	86 312 589	(4 344 144)
<b>Total non current liabilities</b>	<b>107 129 361</b>	<b>111 473 505</b>	<b>(4 344 144)</b>
<b>TOTAL LIABILITIES</b>	<b>139 011 715</b>	<b>140 229 505</b>	<b>(1 217 790)</b>
<b>NET ASSETS</b>	<b>22 516 282</b>	<b>14 352 632</b>	<b>8 163 651</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus and Reserves	22 516 283	14 352 632	8 163 651
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>22 516 283</b>	<b>14 352 632</b>	<b>8 163 651</b>



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# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

#### ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	39 527 598	-	39 527 598
Consumer debtors	1 281 938	-	1 281 938
Other Receivables	1 788 801	-	1 788 801
Inventory	1 025 535	-	1 025 535
<b>Total current assets</b>	<b>43 623 871</b>	<b>-</b>	<b>43 623 871</b>
<b>Non current assets</b>			
Long-term receivables	28 432 572	-	28 432 572
Investment property	1 198 950	-	1 198 950
Property, plant and equipment	81 019 662	-	81 019 662
Intangible Assets	307 082	-	307 082
<b>Total non current assets</b>	<b>110 958 266</b>	<b>-</b>	<b>110 958 266</b>
<b>TOTAL ASSETS</b>	<b>154 582 137</b>	<b>-</b>	<b>154 582 137</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	2 872 212	-	2 872 212
Consumer deposits	11 820	-	11 820
Trade and other payables	14 449 650	-	14 449 650
Provisions and Employee Benefits	11 422 319	-	11 422 319
<b>Total current liabilities</b>	<b>28 756 000</b>	<b>-</b>	<b>28 756 000</b>
<b>Non current liabilities</b>			
Borrowing	25 160 916	-	25 160 916
Provisions and Employee Benefits	86 312 589	-	86 312 589
<b>Total non current liabilities</b>	<b>111 473 505</b>	<b>-</b>	<b>111 473 505</b>
<b>TOTAL LIABILITIES</b>	<b>140 229 505</b>	<b>-</b>	<b>140 229 505</b>
<b>NET ASSETS</b>	<b>14 352 632</b>	<b>-</b>	<b>14 352 632</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus and Reserves	14 352 632	-	14 352 632
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>14 352 632</b>	<b>-</b>	<b>14 352 632</b>



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# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
<b>REVENUE BY SOURCE</b>			
Service charges	2 102 464	3 106 769	(1 004 305)
Rental of facilities and equipment	15 201 012	11 355 019	3 845 993
Interest earned - external investments	2 158 752	1 400 000	758 752
Interest earned - outstanding debtors	-	100	(100)
Licences and permits	122 893	134 958	(12 065)
Agency services	9 214 868	8 813 199	401 669
Government Grants and Subsidies - Operating	73 374 602	162 113 533	(88 738 931)
Roads Maintenance Services	93 654 452	-	93 654 452
Other revenue	19 130 326	9 423 105	9 707 221
Gains on disposal of Assets	882 318	3 806 205	(2 923 887)
<b>TOTAL OPERATING REVENUE</b>	<b>215 841 688</b>	<b>200 152 888</b>	<b>15 688 800</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	101 195 223	98 008 131	3 187 092
Remuneration of councillors	6 264 038	6 325 516	(61 478)
Debt impairment	61 499	10	61 489
Depreciation & asset impairment	4 068 053	3 575 545	492 508
Finance charges	9 081 292	6 672 856	2 408 436
Contracted services	15 512 286	16 980 254	(1 467 968)
Transfers and Grants	360 000	480 000	(120 000)
Other Expenditure and Materials	73 353 323	71 861 216	1 492 107
Loss on disposal of PPE	2 844 254	-	2 844 254
<b>TOTAL OPERATING EXPENDITURE</b>	<b>212 739 967</b>	<b>203 903 528</b>	<b>8 836 439</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>3 101 720</b>	<b>(3 750 640)</b>	<b>6 852 360</b>
Government Grants and Subsidies - Capital	1 483 000	4 183 000	(2 700 000)
<b>NET SURPLUS FOR THE YEAR</b>	<b>4 584 720</b>	<b>432 360</b>	<b>4 152 360</b>



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# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

#### ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Service charges	3 106 769	-	3 106 769
Rental of facilities and equipment	11 355 019	-	11 355 019
Interest earned - external investments	1 400 000	-	1 400 000
Interest earned - outstanding debtors	100	-	100
Licences and permits	134 958	-	134 958
Agency services	8 813 199	-	8 813 199
Government Grants and Subsidies - Operating	162 113 533	-	162 113 533
Other revenue	9 423 105	-	9 423 105
Gains on disposal of PPE/Assets	3 806 205	-	3 806 205
<b>TOTAL OPERATING REVENUE</b>	<b>200 152 888</b>	<b>-</b>	<b>200 152 888</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	98 078 151	(70 020)	98 008 131
Remuneration of councillors	6 325 516	-	6 325 516
Depreciation & asset impairment	3 575 545	-	3 575 545
Finance charges	6 672 826	30	6 672 856
Contracted services	17 117 706	(137 452)	16 980 254
Transfers and Grants	480 000	-	480 000
Other Expenditure and Materials	71 653 784	207 432	71 861 216
<b>TOTAL OPERATING EXPENDITURE</b>	<b>203 903 528</b>	<b>-</b>	<b>203 903 528</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>(3 750 640)</b>	<b>-</b>	<b>(3 750 640)</b>
Government Grants and Subsidies - Capital	4 183 000	-	4 183 000
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>432 360</b>	<b>-</b>	<b>432 360</b>

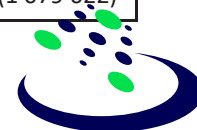


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**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	2 103 042	3 106 769	(1 003 727)
Other revenue	32 361 625	30 476 281	1 885 344
Roads Maintenance Services	87 586 336	-	87 586 336
Government - operating	74 152 314	160 002 413	(85 850 100)
Government - capital	4 183 000	4 183 000	-
Interest	2 227 718	1 400 100	827 618
<b>Payments</b>			
Suppliers and Employees	(200 779 350)	(191 917 927)	(8 861 423)
Finance charges	(2 209 449)	(1 114 897)	(1 094 552)
Transfers and Grants	(360 000)	(480 000)	120 000
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(734 764)</b>	<b>5 655 739</b>	<b>(6 390 503)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of Assets	1 062 318	3 806 205	(2 743 887)
<b>Payments</b>			
Capital assets	(24 571 196)	(31 868 590)	7 297 394
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(23 508 878)</b>	<b>(28 062 385)</b>	<b>4 553 507</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Loans Raised	28 392 514	28 392 514	-
Decrease in Consumer Deposits	(3 660)	-	(3 660)
<b>Payments</b>			
Repayment of borrowing	(2 412 622)	(3 173 655)	761 033
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>25 976 232</b>	<b>25 218 859</b>	<b>757 373</b>
<b>NET INCREASE IN CASH HELD</b>	<b>1 732 590</b>	<b>2 812 213</b>	<b>(1 079 622)</b>
Cash and Cash Equivalents at the beginning of the year	36 715 385	36 715 385	-
Cash and Cash Equivalents at the end of the year	38 447 976	39 527 598	(1 079 622)



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**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019**

**ADJUSTMENTS TO APPROVED BUDGET**

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	3 106 769	-	3 106 769
Other revenue	30 476 281	-	30 476 281
Government - Operating	160 002 413	-	160 002 413
Government - Capital	4 183 000	-	4 183 000
Interest	1 400 100	-	1 400 100
<b>Payments</b>			
Suppliers and Employees	(191 917 927)	-	(191 917 927)
Finance charges	(1 114 897)	-	(1 114 897)
Transfers and Grants	(480 000)	-	(480 000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5 655 739</b>	<b>-</b>	<b>5 655 739</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE/Assets	3 806 205	-	3 806 205
<b>Payments</b>			
Capital assets	(31 868 590)	-	(31 868 590)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(28 062 385)</b>	<b>-</b>	<b>(28 062 385)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Loans Raised	28 392 514	-	28 392 514
<b>Payments</b>			
Repayment of borrowing	(3 173 655)	-	(3 173 655)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>25 218 859</b>	<b>-</b>	<b>25 218 859</b>
<b>NET INCREASE IN CASH HELD</b>	<b>2 812 213</b>	<b>-</b>	<b>2 812 213</b>
Cash and Cash Equivalents at the beginning of the year	36 715 385	-	36 715 385
Cash and Cash Equivalents at the end of the year	39 527 598	-	39 527 598



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# OVERBERG DISTRICT MUNICIPALITY

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

### **1 ACCOUNTING POLICIES**

#### **1.01 BASIS OF PREPARATION**

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

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

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

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

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

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

#### **1.02 TRANSITIONAL PROVISIONS**

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

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

#### **1.03 PRESENTATION CURRENCY**

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

#### **1.04 GOING CONCERN ASSUMPTION**

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



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

### 1.05 COMPARATIVE INFORMATION

#### 1.05.1 Prior year comparatives

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

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

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

#### 1.05.2 Amended Accounting Policies

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

### 1.06 MATERIALITY

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

### 1.07 BUDGET INFORMATION

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

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

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

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

#### 1.08.1 Effective dates determined

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



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# OVERBERG DISTRICT MUNICIPALITY

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

#### 1.08.1.3 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and

(b) the effects of those interests on its financial position, financial performance and cash flows.



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

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

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

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

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

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

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

The objective of this Standard is to prescribe the:

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

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

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

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

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

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

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

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

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



# OVERBERG DISTRICT MUNICIPALITY

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

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

#### 1.08.1.12 iGRAP 18 - Recognition and Derecognition of Land (effective 1 April 2019)

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

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

#### 1.08.1.13 iGRAP 19 - Liabilities to Pay Levies (effective 1 April 2019)

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

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

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

This Interpretation clarifies the accounting for adjustments to:

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

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

### 1.08.2 Effective dates not yet determined

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

All Standards of GRAP currently issued, have effective dates.

### 1.09 RESERVES

#### 1.09.1 Accumulated Surplus

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

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

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

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

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

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

#### 1.10.2 Subsequent Measurement – Cost Model

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

#### 1.10.3 Depreciation – Cost Model

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



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

### 1.10 INVESTMENT PROPERTY (CONTINUED)

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

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

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

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

	YEARS
Buildings	30
Land	Indefinite

#### 1.10.4 Impairment

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

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

#### 1.10.5 Derecognition

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

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

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



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

### 1.11 PROPERTY, PLANT AND EQUIPMENT

#### 1.11.1 Initial Recognition

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

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

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

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

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

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

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

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

#### 1.11.2 Subsequent Measurement - Cost Model

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

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



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

### 1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 1.11.3 Depreciation

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

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

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

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

	YEARS
Land	Indefinite
Buildings	15 - 120
Infrastructure	10 - 120
Community	30 - 100
Leased Assets	3
Landfill Site Rehabilitation (Per Cell)	4 - 5
Computer Equipment	10 - 30
Furniture and fittings	3 - 50
Machinery and equipment	10 - 50
Office equipment	10 - 100
Vehicles	5 - 37

#### 1.11.4 Impairment

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

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

#### 1.11.5 Derecognition

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

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



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

### 1.12 INTANGIBLE ASSETS

#### 1.12.1 Initial Recognition

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

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

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

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

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

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

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

#### 1.12.2 Subsequent Measurement - Cost Model

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



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

### 1.12 INTANGIBLE ASSETS (CONTINUED)

#### 1.12.3 Amortisation

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

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

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

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

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

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

	Years
Computer Software	10
Computer Software Licences	10

#### 1.12.4 Impairment

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

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

#### 1.12.5 Derecognition

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

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

#### 1.13.1 Recoverable amount of Cash-generating assets

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

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

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

#### 1.13.2 Recoverable amount of Non-cash-generating assets

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

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

#### 1.13.3 Impairment loss

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

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

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

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



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

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

#### 1.13.4 Reversal of an impairment loss

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

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

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

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

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

### 1.14 INVENTORIES

#### 1.14.1 Initial Recognition

Inventories are assets:

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

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

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

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

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



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

### 1.14 INVENTORIES (CONTINUED)

#### 1.14.2 Subsequent Measurement

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

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

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

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

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

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

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

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

### 1.15 EMPLOYEE BENEFITS

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

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

#### 1.15.1 Post-Retirement Benefits

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



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

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

#### 1.15.1.1 Multi-employer defined benefit plans

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

#### 1.15.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

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

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

Actuarial gains and losses are recognised on the face of the statement of financial performance, while current service cost and interest cost are included as part of employee related cost and finance charges respectively.

### 1.15.2 Long-term Benefits

#### 1.15.2.1 Long Service Awards

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



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

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

Actuarial gains and losses are recognised on the face of the statement of financial performance, while current service cost and interest cost are included as part of employee related cost and finance charges respectively.

#### 1.15.3 Short-term Benefits

##### 1.15.3.1 Provision for Staff Leave

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

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

##### 1.15.3.2 Staff Bonuses Accrued

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

##### 1.15.3.3 Provision for Performance Bonuses

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

### 1.16 PROVISIONS

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.16 PROVISIONS (CONTINUED)

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

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

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

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

### 1.17 LEASES

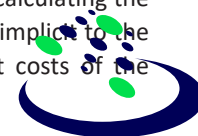
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### 1.17.1 Municipality as Lessee

##### 1.17.1.1 Finance Leases

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

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



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.17 LEASES (CONTINUED)

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

#### 1.17.1.2 Operating leases

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

### 1.17.2 Municipality as Lessor

#### 1.17.2.1 Operating Leases

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

### 1.18 FINANCIAL INSTRUMENTS

#### 1.18.1 Initial Recognition

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

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



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

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

#### 1.18.3 Impairment and uncollectability of financial assets

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

##### 1.18.3.1 Financial assets measured at amortised cost

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

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

#### 1.18.3.2 *Financial assets measured at cost*

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

### 1.18.4 **Derecognition of financial instruments**

#### 1.18.4.1 *Financial assets*

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

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

#### 1.18.4.2 *Financial liabilities*

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

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

### 1.18.5 **Offsetting of financial instruments**

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



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30 November 2019

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.19 STATUTORY RECEIVABLES

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

#### 1.19.1 Initial Recognition

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

#### 1.19.2 Subsequent Measurement

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

#### 1.19.3 Impairment and uncollectability of statutory receivables

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

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

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

#### 1.19.3 Derecognition

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



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

### 1.19 STATUTORY RECEIVABLES (CONTINUED)

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

### 1.20 CASH AND CASH EQUIVALENTS

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

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

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

### 1.21 RECEIVABLES

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

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

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

### 1.22 TAXES (VALUE ADDED TAX)

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

### 1.23 PAYABLES AND ANNUITY LOANS

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



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.24 CONSUMER DEPOSITS

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

### 1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

### 1.26 REVENUE

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

#### 1.26.1 Revenue from Non-Exchange Transactions

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



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

### 1.26 REVENUE (CONTINUED)

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

#### 1.26.1.1 *Transfer Revenue*

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

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

#### 1.26.1.2 *Unclaimed deposits*

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

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

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

#### 1.26.1.4 *Services in-kind*

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

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

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



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

### 1.26 REVENUE (CONTINUED)

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

#### 1.26.1.5 Contributed Assets

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

#### 1.26.1.6 Actuarial Gains

Actuarial gains are considered exchange in nature and its recognition is guided by the principles included in 1.15 above.

### 1.26.2 Revenue from Exchange Transactions

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

#### 1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

#### 1.26.2.2 Roads Maintenance Service

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

#### 1.26.2.2 Investment income

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

#### 1.26.2.3 Insurance Receipts

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



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.26 REVENUE (CONTINUED)

#### 1.26.2.4 *Rental income*

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

#### 1.26.2.5 *Income from Agency Services*

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

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

#### 1.26.2.6 *Other Tariffs*

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

#### 1.26.2.7 *Sale of goods*

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

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

#### 1.26.2.8 *Deferred payment*

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

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



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

### 1.27 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

### 1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.29 IRREGULAR EXPENDITURE

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

### 1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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



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

### 1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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

### 1.32 CAPITAL COMMITMENTS

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

### 1.33 EVENTS AFTER REPORTING DATE

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

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

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

### 1.34 RELATED PARTIES

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.35 RELATED PARTIES (CONTINUED)

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

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### 1.36.1 Application of Directive 7

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

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

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

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

#### 1.36.2 Impairment of Receivables

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

#### 1.36.3 Useful lives and residual values

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

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



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

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.36.4 Impairment of non-monetary assets

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

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

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

#### 1.36.5 Post-Retirement and Long-term Benefits

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

#### 1.36.6 Provisions and Contingent Liabilities

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

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

#### 1.36.7 Financial assets and liabilities

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

#### 1.36.8 Revenue Recognition

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



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

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

#### 1.36.9 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- (a) Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site; and
- (b) Refer to note 18 for other major assumptions utilised

#### 1.36.10 Provision for Staff leave

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

#### 1.36.11 Componentisation of Infrastructure assets

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



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

	2019 R	2018 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Bank Accounts	17 302 108	8 840 885
Call Investments and Other Deposits	21 138 968	27 867 600
Cash Floats	6 900	6 900
<b>Total</b>	<b>38 447 976</b>	<b>36 715 385</b>
Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Conditional Grants	4 331 567	2 189 198
Unspent Annuity Loans	4 911 913	-
Roads Maintenance Services Payable	6 593 867	12 661 983
Rehabilitation Costs	144 879	-
Working Capital Requirements	22 465 750	21 864 205
	<b>38 447 976</b>	<b>36 715 385</b>
<b>Primary Bank Account</b>		
Bredasdorp Nedbank- Account number 11 7652 44 96		
Bank Statement Balance - Opening Balance	-	-
Bank Statement Balance - Closing Balance	13 758 526	-
<b>Other Bank Accounts</b>		
Bredasdorp ABSA - Account number 17 8000 00 62		
Bank Statement Balance - Opening Balance	8 844 306	466 906
Bank Statement Balance - Closing Balance	3 572 481	8 844 306
<b>Cashbook Balances (All Current Accounts)</b>		
Cashbook Balance - Opening Balance	8 840 885	415 467
Cashbook Balance - Closing Balance	17 302 108	8 840 885
The municipality does not have an overdraft facility		
<b>Call and Notice Deposits</b>		
Call and Notice Deposits consist out of the following accounts:		
ABSA Depositor Plus - Account Number 92 8755 1045	10 604 483	13 768 809
ABSA Depositor Plus - Account Number 92 8755 0641	2 434	14 098 791
Nedbank Call Account - Account Number 03 788 171 4042	10 532 051	-
	<b>21 138 968</b>	<b>27 867 600</b>

Interest of between 6.5 % and 6.55 % (2018 - 6.50 %) are attracted by these short term deposits.

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

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2019

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>3 900 437</b>	<b>175 449</b>	<b>3 724 988</b>
Electricity	599	262	337
Water	1 385	21	1 364
Housing rental	46 797	21 208	25 589
Sundry Debtors	3 851 657	153 958	3 697 698
<b>Other Receivables</b>	<b>971 637</b>	<b>-</b>	<b>971 637</b>
Accrued Interest	115 533	-	115 533
Payments in Advance	856 104	-	856 104
<b>Total</b>	<b>4 872 074</b>	<b>175 449</b>	<b>4 696 625</b>

30 JUNE 2018

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>2 665 250</b>	<b>114 694</b>	<b>2 550 557</b>
Electricity	1 967	263	1 704
Water	595	-	595
Housing rental	44 711	9 915	34 797
Sundry Debtors	2 617 978	104 516	2 513 462
<b>Other Receivables</b>	<b>1 314 967</b>	<b>-</b>	<b>1 314 967</b>
Accrued Interest	184 499	-	184 499
Payments in Advance	1 130 468	-	1 130 468
<b>Total</b>	<b>3 980 218</b>	<b>114 694</b>	<b>3 865 524</b>

**Balance Previously Reported**

Prior Period Adjustment - Refer to note 39.01

**Restated Balance on 30 June 2018**

<b>2 915 008</b>	<b>114 694</b>	<b>2 800 314</b>
1 065 210	-	1 065 210
<b>3 980 218</b>	<b>114 694</b>	<b>3 865 524</b>



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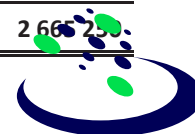
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Ageing of service receivables:</b>		
<b>Electricity Ageing</b>		
Current (0 - 30 days)	76	1 319
Past Due (31 - 60 Days)	-	92
Past Due (61 - 90 Days)	-	79
Past Due (90 Days +)	523	476
<b>Total</b>	<b>599</b>	<b>1 967</b>
<b>Water Ageing</b>		
Current (0 - 30 days)	869	595
Past Due (31 - 60 Days)	319	-
Past Due (61 - 90 Days)	183	-
Past Due (90 Days +)	13	-
<b>Total</b>	<b>1 385</b>	<b>595</b>
<b>Housing Rental Ageing</b>		
Current (0 - 30 days)	-	2 929
Past Due (31 - 60 Days)	4 380	12 800
Past Due (61 - 90 Days)	-	8 350
Past Due (90 Days +)	42 417	20 632
<b>Total</b>	<b>46 797</b>	<b>44 711</b>
<b>Sundry Debtors Ageing</b>		
Current (0 - 30 days)	3 166 447	1 575 948
Past Due (31 - 60 Days)	277 801	82 718
Past Due (61 - 90 Days)	95 499	28 039
Past Due (90 Days +)	311 910	931 273
<b>Total</b>	<b>3 851 657</b>	<b>2 617 978</b>
<b>Total Service Receivables Ageing</b>		
Current (0 - 30 days)	3 167 392	1 580 790
Past Due (31 - 60 Days)	282 500	95 610
Past Due (61 - 90 Days)	95 682	36 469
Past Due (90 Days +)	354 863	952 381
<b>Total</b>	<b>3 900 437</b>	<b>2 665 250</b>



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

	2019 R	2018 R
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	114 694	133 375
Contribution to the provision	60 755	10 477
Electricity	(2)	263
Water	21	-
Housing rental	11 294	(13 368)
Sundry Debtors	49 442	23 582
Bad Debts Written off	-	(29 159)
Sundry Debtors	-	(29 159)
Balance at the end of the year	<u>175 449</u>	<u>114 694</u>

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

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>13 300</b>	<b>5 137</b>	<b>8 163</b>
Legal Fees	13 300	5 137	8 163
<b>Other Receivables</b>	<b>371 853</b>	<b>-</b>	<b>371 853</b>
Sundry Debtors	194 263	-	194 263
Suspense Debtors	177 589	-	177 589
<b>Total</b>	<u><b>385 153</b></u>	<u><b>5 137</b></u>	<u><b>380 016</b></u>



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

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2018

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

	2019 R	2018 R
<b>Ageing of service receivables:</b>		
<b>Legal Fees Ageing</b>		
Current (0 - 30 days)	682	-
Past Due (31 - 60 Days)	1 139	3 262
Past Due (61 - 90 Days)	-	2 846
Past Due (90 Days +)	11 479	8 666
<b>Total</b>	<b>13 300</b>	<b>14 774</b>

#### Reconciliation of Allowance for impairment

Balance at the beginning of the year	4 394	4 084
Contribution to the provision	743	4 243
Legal Fees	743	4 243
Bad Debts Written off	-	(3 934)
Legal Fees	-	(3 934)
Balance at the end of the year	<b>5 137</b>	<b>4 394</b>

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



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

	2019 R	2018 R
<b>5 OPERATING LEASES</b>		
<b>5.1 Operating Lease Asset</b>	-	-
<p>The municipality will receive the following lease payments from contracts that have defined lease payments and terms.</p>		
Within 1 Year	9 570 153	9 327 242
Between 1 and 5 Years	36 328 098	34 796 331
Over 5 Years	10 075 049	17 636 938
	<b>55 973 300</b>	<b>61 760 512</b>

Leases includes the following 2 types of lease agreements:

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

Contracts entered into at Die Dam and Uilenkraalsmond where properties are rented on a semi-permanent basis for a period of 9 years and 11 month. Rent payable is determined by council on an annual basis.

The lease payments are in respect of properties being leased out over a period ranging up to 2029 (2018: 2029)

<b>5.2 Operating Lease Liability</b>	-	-
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The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	169 932	279 192
Between 1 and 5 Years	130 565	244 510
	<b>300 497</b>	<b>523 702</b>

The operating lease liability relates to the following lease arrangements:



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

### 5 OPERATING LEASES (CONTINUED)

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

The Municipality entered into a lease agreement with Mr Johannes de Villiers D Kock for additional office space. The lease agreement commenced on 1 March 2017 and will run up to 28 February 2020. The initial monthly rental is R 11 910 (VAT inclusive) and the lease is subject to an annual increase of 6%. The municipality has the option to renew the lease after 28 February 2020.

### 6 TAXES

VAT Output in Suspense  
 VAT Input in Suspense  
 VAT (Payable to)/Refundable from SARS

#### Total

2019  
R

2018  
R

(1 091 962)

(674 203)

106 419

163 339

133 512

686 054

**(852 032)**

**175 190**

VAT is accounted for on the payment basis.

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

### 7 INVENTORY

Consumables

Printing & Stationary  
 Fuel & Oil  
 Spare Parts  
 Grader Blades  
 Cleaning Materials  
 Other

788 194

1 025 535

17 882

33 203

587 366

709 630

50 234

43 046

82 356

199 223

28 890

18 663

21 467

21 770

#### Total

**788 194**

**1 025 535**

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

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

	2019 R	2018 R
<b>7 INVENTORY (CONTINUED)</b>		
No inventory was pledged as security for liabilities.		
Inventory written off due to losses identified during the annual stores counts (including obsolete items).	47 685	482
Inventory recognised as an expense during the year.	11 935 714	10 536 928

### 8 INVESTMENT PROPERTY

Investment Property - Carrying Value	<b>12 879 850</b>	<b>13 059 850</b>
Balance Previously Reported		1 198 950
Prior Period Adjustment - Refer to note 39.03		11 860 900

The movement in Investment Property is reconciled as follows:

Investment Property - Opening Carrying Value	<b>13 059 850</b>	<b>13 113 850</b>
Cost	13 059 850	13 113 850
Disposals	(180 000)	(54 000)
Investment Property - Closing Carrying Value	<b>12 879 850</b>	<b>13 059 850</b>
Cost	12 879 850	13 059 850

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

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

No Rental revenue were earned from Investment Properties

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



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

### 9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2019	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value R
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	30 730 943	11 722 877	(2 909 286)	-	39 544 533	15 727 888	954 896	(1 395 039)	-	15 287 745	75 640	-	75 640	24 181 148
Infrastructure	25 663 120	22 421 199	(6 908 509)	-	41 175 810	13 611 776	627 991	(5 890 390)	-	8 349 378	-	-	-	32 826 433
Community Assets	46 110	-	-	-	46 110	17 272	806	-	-	18 078	-	-	-	28 032
Leased Assets	4 426 573	-	(1 361 840)	(990 428)	2 074 306	2 024 561	960 184	(600 807)	(451 431)	1 932 506	-	-	-	141 799
Computer Equipment	2 411 268	226 027	(148 470)	-	2 488 826	1 105 912	204 207	(136 229)	-	1 173 890	-	-	-	1 314 935
Furniture and fittings	2 966 195	226 130	(227 681)	-	2 964 644	1 560 450	170 512	(151 431)	-	1 579 531	-	-	-	1 385 113
Machinery and equipment	2 853 155	493 341	(116 685)	-	3 229 810	1 055 156	234 924	(77 853)	-	1 212 227	-	-	-	2 017 584
Office equipment	2 056 087	184 999	(85 378)	-	2 155 708	1 010 111	143 565	(60 291)	-	1 093 385	-	-	-	1 062 323
Vehicles	14 430 790	1 707 282	(203 022)	990 428	16 925 479	3 189 698	687 554	(43 544)	451 431	4 285 139	-	-	-	12 640 340
<b>Total</b>	<b>85 584 241</b>	<b>36 981 856</b>	<b>(11 960 871)</b>	<b>-</b>	<b>110 605 226</b>	<b>39 302 824</b>	<b>3 984 640</b>	<b>(8 355 584)</b>	<b>(0)</b>	<b>34 931 880</b>	<b>75 640</b>	<b>-</b>	<b>75 640</b>	<b>75 597 706</b>

30 JUNE 2018	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value R
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	30 969 131	311 444	(549 632)	-	30 730 943	14 103 543	1 624 345	-	-	15 727 888	57 957	17 683	75 640	14 927 414
Infrastructure	24 498 717	1 164 403	-	-	25 663 120	12 897 105	714 671	-	-	13 611 776	-	-	-	12 051 343
Community Assets	46 110	-	-	-	46 110	16 465	806	-	-	17 272	-	-	-	28 838
Leased Assets	4 426 573	-	-	-	4 426 573	982 380	1 042 181	-	-	2 024 561	-	-	-	2 402 013
Computer Equipment	2 237 496	177 998	(4 226)	-	2 411 268	925 311	183 994	(3 393)	-	1 105 912	-	-	-	1 305 356
Furniture and fittings	2 887 248	83 125	(4 177)	-	2 966 195	1 407 980	154 527	(2 057)	-	1 560 450	-	-	-	1 405 746
Machinery and equipment	2 243 645	635 730	(26 220)	-	2 853 155	890 050	178 019	(12 912)	-	1 055 156	-	-	-	1 797 999
Office equipment	1 971 100	86 460	(1 474)	-	2 056 087	877 189	133 654	(732)	-	1 010 111	-	-	-	1 045 976
Vehicles	11 571 846	2 858 945	-	-	14 430 790	2 662 725	526 974	-	-	3 189 698	-	-	-	11 241 092
<b>Total</b>	<b>80 851 866</b>	<b>5 318 103</b>	<b>(585 728)</b>	<b>-</b>	<b>85 584 241</b>	<b>34 762 747</b>	<b>4 559 171</b>	<b>(19 095)</b>	<b>-</b>	<b>39 302 824</b>	<b>57 957</b>	<b>17 683</b>	<b>75 640</b>	<b>46 205 777</b>

The 2017/18 balances were restated - Refer to note 39.04

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

	2019 R	2018 R
<b>9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)</b>		
There are no property plant and equipment whose title is restricted.		
Leases assets are pledged as security for outstanding finance lease liabilities included in note 12.		
The following Work in Progress balances were included in closing balances. No Depreciation charges are recognised against these balances:		
Land and Buildings	313 006	23 000
Infrastructure	-	1 164 403
<b>Total</b>	<b>313 006</b>	<b>1 187 403</b>

The work in progress balance on 30 June 2018 and 30 June 2019 (land and buildings) relates to the construction of a new fire station. The construction of the project was delayed beyond 30 June 2019 due to the inability of the municipality to attract proposals from prospective contractors that are within the proposed budget limits approved by Council.

The following borrowing cost were capitalised in terms of GRAP 5 and included in the closing balance of the following asset classes:

Infrastructure	1 176 716	-
<b>Total</b>	<b>1 176 716</b>	<b>-</b>



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

10 INTANGIBLE ASSETS	2019 R	2018 R
Intangible Assets - Carrying Value	<u>305 058</u>	<u>388 472</u>

The movement in intangible assets is reconciled as follows:

<b>Opening Carrying Value</b>	388 472	450 420
Cost	1 174 429	1 160 629
Accumulated Depreciation	(785 957)	(710 209)
Additions	-	13 800
Amortisation for the year	(83 413)	(75 748)
<b>Closing Carrying Value</b>	305 058	388 472
Cost	1 174 429	1 174 429
Accumulated Depreciation	(869 370)	(785 957)

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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



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

11 EMPLOYEE BENEFITS	2019 R	2018 R
Employee Benefits (Roads)	<u>28 432 572</u>	<u>28 432 572</u>
The movement in Employee Benefits (Roads) are reconciled as follows:		
Opening Balance	28 432 572	28 432 572
Contribution during the year	2 921 770	2 963 467
Current Service Cost	623 053	651 950
Interest Cost	2 298 717	2 311 517
Refunded to/(Claimed from) Department of Roads	(368 474)	(123 521)
Actuarial Gain	<u>(2 553 296)</u>	<u>(2 839 946)</u>
<b>Total</b>	<u><b>28 432 572</b></u>	<u><b>28 432 572</b></u>

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

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

Refer to note 17 for more detail relating to this receivable.



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

12	<b>LONG-TERM LIABILITIES</b>	<b>2019 R</b>	<b>2018 R</b>
	Annuity Loans	27 878 644	296 754
	Finance Lease Liabilities	154 484	2 517 515
	<b>Sub-Total</b>	<b>28 033 128</b>	<b>2 814 269</b>
	Less: Current portion of Long-term Liabilities	2 872 212	2 556 280
	Annuity Loans	2 717 728	193 248
	Finance Lease Liabilities	154 484	2 363 031
	<b>Total</b>	<b>25 160 916</b>	<b>257 989</b>

Long Term Liabilities were fully utilised to purchase property plant and equipment in accordance with the Municipal Finance Management Act. The following Loans were unspent on 30 June:

Opening Balance - Unspent Loans/(Unpaid Loans)	(1 164 403)	-
Assets purchased	(22 316 198)	(1 164 403)
Annuity Loans Raised	28 392 514	-
<b>Closing Balance - Unspent Loans/(Unpaid Loans)</b>	<b>4 911 913</b>	<b>(1 164 403)</b>

### Annuity Loans

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

INCA	103 505	296 754
------	---------	---------

Interest is calculated at an interest rate of 9.45% (2018 - 9.45%) and the loan will be fully redeemed on 31 December 2019. The liability is not secured.

Standard Bank	27 775 138	-
---------------	------------	---

Interest is calculated at an interest rate of 11.17% and the loan will be fully redeemed on 28 August 2026. The liability is not secured.

<b>27 878 644</b>	<b>296 754</b>
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Annuity loans are payable as follows:

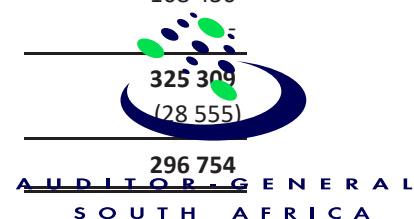
Payable within one year	5 719 597	216 873
Payable within two to five years	22 444 642	108 436
Payable after five years	12 625 111	-

### Total amount payable

**Less:** Outstanding Future Finance Charges

### Present value of annuity loans

<b>40 789 349</b>	<b>325 309</b>
(12 910 706)	(28 555)
<b>27 878 644</b>	<b>296 754</b>



# OVERBERG DISTRICT MUNICIPALITY

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

		2019 R	2018 R
<b>12</b>	<b>LONG-TERM LIABILITIES (CONTINUED)</b>		
	<b>Finance Lease Liabilities</b>		
	Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:		
<b>Nr</b>	<b>Institution</b>	<b>Interest Rate</b>	<b>Lease Term</b>
<b>1</b>	Avis (Vehicles)	10.03% to 17.49%	31 March 2016 - 30 April 2019 1 September 2016 to 30 September 2019
<b>2</b>	Nashua (Copiers)	10.50%	

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

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2019 R	2018 R	2019 R	2018 R
<b>1</b>	-	1 568 778	-	1 613 521
<b>2</b>	141 799	833 234	154 484	903 994
	<b>141 799</b>	<b>2 402 013</b>	<b>154 484</b>	<b>2 517 516</b>

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

The municipality did not treat the accounting for cellular phones and tablets (leased contracts) correctly for the period ending 30 June 2018 and 30 June 2019 as per GRAP standards 13 and 17. The effect is not considered material for the entity.



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

	2019 R	2018 R
<b>12 LONG-TERM LIABILITIES (CONTINUED)</b>		
Finance Lease Liabilities are payable as follows:		
Payable within one year	156 800	2 558 389
Payable within two to five years	-	156 800
<b>Total amount payable</b>	<b>156 800</b>	<b>2 715 189</b>
<b>Less:</b> Outstanding Future Finance Charges	(2 316)	(197 674)
<b>Present value of finance lease liabilities</b>	<b>154 484</b>	<b>2 517 515</b>
<b>13 CONSUMER DEPOSITS</b>		
Electricity	8 160	11 820
<b>Total</b>	<b>8 160</b>	<b>11 820</b>
Guarantees held in lieu of Electricity Deposits	-	-
The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.		
<b>14 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	3 115 772	2 639 521
Payments received in advance	509 484	624 093
Retentions and Guarantees	990 823	1 039 740
Housing Rent Deposits	76 669	67 427
Suspense Accounts	410 888	449 581
Roads Maintenance Services	6 593 867	12 661 983
Balance Previously Reported	-	-
Prior Period Adjustment - Refer to note 39.06	12 661 983	12 661 983
<b>Total</b>	<b>11 697 502</b>	<b>17 482 345</b>

Payables are being recognised net of any discounts received

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

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



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

14	PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2019 R	2018 R
	The Retentions and Guarantees relates to the following:		
	Department of Transport and Public Works for the rehabilitation of land	-	1 039 740
	Retention relating to the upgrading of Karwyderskraal Cell 4	990 823	-
	<b>Total</b>	<b>990 823</b>	<b>1 039 740</b>

The significant roads maintenance payable on 30 June 2018 and 30 June 2019 can mainly be attributed to substantial advances received from the Provincial Roads Department before year-end.

Refer to note 21 for more detail relating to the Roads Maintenance Payable

15	UNSPENT CONDITIONAL GOVERNMENT GRANTS		
	National Government	1 115 381	362 545
	Provincial Government	3 216 186	1 826 653
	Balance Previously Reported		12 542 266
	Prior Period Adjustment - Refer to note 39.07		(10 715 613)
	<b>Total</b>	<b>4 331 567</b>	<b>2 189 198</b>

Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

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



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

16	CURRENT EMPLOYEE BENEFITS	2019 R	2018 R
	Post Retirement Medical Benefits	3 057 496	3 057 496
	Long Service Awards	783 903	647 892
	Bonuses	2 369 870	2 060 618
	Staff Leave	5 909 612	5 009 767
	<b>Total</b>	<b>12 120 881</b>	<b>10 775 772</b>

The movement in current employee benefits are reconciled as follows:

### Bonuses

Opening Balance	2 060 618	1 781 453
Contribution during the year	4 954 974	4 425 305
Payments made	(4 645 722)	(4 146 140)
<b>Closing Balance</b>	<b>2 369 870</b>	<b>2 060 618</b>

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

### Staff Leave

Opening Balance	5 009 767	4 403 942
Contribution during the year	1 519 569	835 035
Payments made	(619 723)	(229 210)
<b>Closing Balance</b>	<b>5 909 612</b>	<b>5 009 767</b>

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



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

	2019 R	2018 R
<b>17 EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	49 440 121	56 007 663
Long Service Awards	5 879 921	5 346 681
<b>Sub-Total</b>	<b>55 320 042</b>	<b>61 354 344</b>
Less: Current portion of Employee Benefits	<b>3 841 399</b>	<b>3 705 388</b>
Post Retirement Medical Benefits	3 057 496	3 057 496
Long Service Awards	783 903	647 892
<b>Total</b>	<b>51 478 643</b>	<b>57 648 956</b>

### 17.1 Post Retirement Medical Benefits

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

Opening Balance	56 007 663	57 584 774
Contribution during the year	6 820 215	6 614 235
Current Service Cost	1 564 033	1 521 754
Interest Cost	5 256 182	5 092 481
Payments made	(2 805 456)	(2 761 958)
Actuarial Gain	(10 582 301)	(5 429 388)
<b>Total balance at year-end</b>	<b>49 440 121</b>	<b>56 007 663</b>
Less Current Portion	3 057 496	3 057 496
<b>Total</b>	<b>46 382 625</b>	<b>52 950 167</b>

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

	2019	2018
In-service members	123	120
Continuation members	75	79
<b>Total</b>	<b>198</b>	<b>199</b>

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

	2019 R	2018 R
In-service members	14 620 546	23 090 043
Continuation members	34 819 575	32 917 599
<b>Total Unfunded Liability</b>	<b>49 440 121</b>	<b>56 007 663</b>

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

	2017 R	2016 R	2015 R
In-service members	22 180 958	22 975 228	20 687 379
Continuation members	35 403 817	32 481 132	36 224 166
<b>Total Unfunded Liability</b>	<b>57 584 775</b>	<b>55 456 360</b>	<b>56 911 545</b>

Experience adjustments were calculated as follows:

	2019 R m	2018 R m
Liabilities: (Gain)/Loss	(3.062)	(2.001)
Assets: Gain/(Loss)	-	-

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

	2017 R m	2016 R m	2015 R m
Liabilities: (Gain)/Loss	3 802	(3.887)	0.132
Assets: Gain/(Loss)	-	-	-

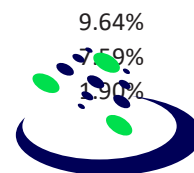
The municipality contributes to the following medical schemes on a monthly basis:

Bonitas  
LA Health  
Samwumed  
Keyhealth

Key Actuarial Assumptions used are as follows:

#### Interest Rates

	2019	2018
Discount rate	9.09%	9.64%
Health Care Cost Inflation Rate	6.62%	7.59%
Net Effective Discount Rate	2.32%	1.90%



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

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

#### Mortality Rates

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

#### Normal Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2018 - 63 for males and 58 for females), which then implicitly allows for expected rates of early and ill-health retirement.

#### Last Valuation

The last valuation was performed on 10 July 2019.

#### Actuarial Valuation Method

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

#### The amounts recognised in the Statement of Financial Performance are:

Employee Related Cost - Current Service Cost	1 564 033	1 521 754
Finance Charges - Interest Cost	5 256 182	5 092 481
Actuarial Gain	(10 582 301)	(5 429 388)
<b>Net amount charged to Statement of Financial Performance</b>	<b>(3 762 086)</b>	<b>1 184 847</b>



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

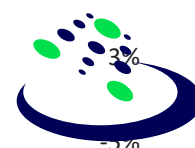
### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Liability at year-end

Assumption	In-service members (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	14.621	34.820	49.440	
Health care inflation				
+ 1%	17.645	38.168	55.813	13%
- 1%	12.239	31.916	44.155	-11%
Discount rate				
+ 1%	12.306	32.001	44.307	-10%
- 1%	17.599	38.119	55.718	13%
Post-retirement mortality				
- 1 year	15.053	36.191	51.244	4%
Average retirement age				
- 1 year	15.692	34.820	50.512	2%
Continuation of membership at retirement				
- 10%	12.781	34.820	47.601	-4%

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

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	0.829	4.359	5.188	
Health care inflation				
+ 1%	1.043	4.938	5.981	15%
- 1%	0.667	3.880	4.546	-12%
Discount rate				
+ 1%	0.677	4.321	4.999	-4%
- 1%	1.030	4.387	5.418	4%
Post-retirement mortality				
- 1 year	0.853	4.523	5.376	4%
Average retirement age				
- 1 year	0.908	4.457	5.365	
Continuation of membership at retirement				
- 10%	0.728	4.192	4.920	



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

17 EMPLOYEE BENEFITS (CONTINUED)	2019 R	2018 R
<b>17.2 Long Service Awards</b>		
The movement in Long Service Awards are reconciled as follows:		
Opening Balance	5 346 681	5 039 136
Contribution during the year	815 211	732 298
Current Service Cost	380 097	349 106
Interest Cost	435 114	383 192
Payments made	(704 037)	(499 713)
Actuarial (Gain)/Loss	422 066	74 960
<b>Total balance at year-end</b>	<b>5 879 921</b>	<b>5 346 681</b>
Less Current Portion	783 903	647 892
<b>Total</b>	<b>5 096 018</b>	<b>4 698 789</b>

The following members are eligible for long service bonuses:

	2019	2018
In-service members	317	302

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

	2019 R	2018 R
In-service members	5 879 921	5 346 681
<b>Total Unfunded Liability</b>	<b>5 879 921</b>	<b>5 346 681</b>

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

	2017 R	2016 R	2015 R
In-service members	5 039 136	5 111 253	4 804 563
<b>Total Unfunded Liability</b>	<b>5 039 136</b>	<b>5 111 253</b>	<b>4 804 563</b>

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

		2019 R	2018 R
<b>17</b>	<b>EMPLOYEE BENEFITS (CONTINUED)</b>		
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain)/Loss	(49 680)	261 414
	Assets: Gain/(Loss)	-	-

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

	2017 R	2016 R	2015 R
Liabilities: (Gain)/Loss	27 580	314 926	272 504
Assets: Gain/(Loss)	-	-	-

Key Actuarial Assumptions used are as follows:

### Interest Rates

Discount rate	8.13%	8.65%
General Salary Inflation (long-term)	5.55%	6.39%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.44%	2.13%

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

### Last Valuation

The last valuation was performed on 10 July 2019.

### Actuarial Valuation Method

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

### Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2018 - 63 for males and 58 for females), which then implicitly allows for expected rates of early and ill-health retirement.

	2019 R	2018 R
<b>The amounts recognised in the Statement of Financial Performance are:</b>		

Employee Related Cost - Current Service Cost	380 097
Finance Charges - Interest Cost	435 114
Actuarial (Gain)/Loss	422 066

**Net amount charged to Statement of Financial Performance**

**1 237 277**

349 106
583 197
74 900

**807 258**

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# OVERBERG DISTRICT MUNICIPALITY

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Liability at year-end

Assumption	Total liability (Rm)	% change
Liability	5.880	
General salary inflation		
+ 1%	6.269	7%
- 1%	5.531	-6%
Discount rate		
+ 1%	5.518	-6%
- 1%	6.290	7%
Average retirement age		
- 2 years	4.962	-16%
+ 2 years	6.785	15%
Withdrawal rates		
- 50%	6.692	14%

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

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	0.479	0.447	0.925	
General salary inflation				
+ 1%	0.526	0.478	1.004	9%
- 1%	0.438	0.418	0.856	-8%
Discount rate				
+ 1%	0.441	0.469	0.909	-2%
- 1%	0.523	0.421	0.944	2%
Average retirement age				
- 2 years	0.421	0.372	0.793	-14%
+ 2 years	0.531	0.520	1.052	14%
Withdrawal rates				
- 50%	0.602	0.513	1.115	20%



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# OVERBERG DISTRICT MUNICIPALITY

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### 17.3 Other Pension Benefits

Defined Benefit Plans	2019 R	2018 R
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	904 720	925 212
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund is in a sound financial position with a funding level of 103.7% (30 June 2017 - 102.6%).		
Consolidated Retirement Fund (former Cape Retirement Fund)	8 523 623	7 136 749
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 127.3%. (30 June 2016 - 118%)		
<b>Total</b>	<b>9 428 343</b>	<b>8 061 961</b>

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

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



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

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

<b>Defined Contribution Plans</b>	<b>2019</b> R	<b>2018</b> R
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	79 353	75 904
SAMWU National Provident Fund	1 230 270	1 313 224
<b>Total</b>	<b>1 309 623</b>	<b>1 389 128</b>

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

### 18 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	<b>30 489 802</b>	<b>21 330 616</b>
---	-------------------	-------------------

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

Opening Balance	21 330 616	20 764 061
Contribution during the year	9 159 186	566 555
Increase/(Decrease) in estimate	6 801 923	(1 551 237)
Interest Cost	2 357 263	2 117 792
<b>Total balance at year-end</b>	<b>30 489 802</b>	<b>21 330 616</b>
Less Current Portion	-	-
<b>Total</b>	<b>30 489 802</b>	<b>21 330 616</b>

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



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# OVERBERG DISTRICT MUNICIPALITY

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

### 18 NON-CURRENT PROVISIONS (CONTINUED)

Based on the discount rate applicable to this provision on 30 June 2019, this decrease in isolation will result in a decrease in interest cost of R 44 297 per annum.

Estimated area to be rehabilitated (m<sup>2</sup>)

- Cell 1 and 2	46 050	46 050
- Cell 3	23 600	23 600
- Cell 4	42 200	-

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter for Karwyderskraal is (R/m<sup>2</sup>)

- Cell 1 and 2	270	292
- Cell 3	282	335
- Cell 4	271	-

<b>2019</b>	<b>2018</b>
<b>R</b>	<b>R</b>

### 19 RESERVES

Accumulated Surplus	22 516 283	17 931 562
<b>Total</b>	<b>22 516 283</b>	<b>17 931 562</b>

### 20 GOVERNMENT GRANTS AND SUBSIDIES

<b>Unconditional Grants - National Government</b>	<b>67 902 000</b>	<b>57 286 000</b>
Equitable Share	67 902 000	57 286 000
<b>Conditional Grants - National Government</b>	<b>4 021 165</b>	<b>4 672 455</b>
Financial Management Grant (FMG)	1 000 000	1 250 000
Expanded Public Works Program (EPWP)	1 125 000	1 142 000
Rural Roads Asset Management System	1 896 165	2 280 455
<b>Conditional Grants - Provincial Government</b>	<b>2 801 063</b>	<b>2 185 298</b>
Health Subsidy	161 969	163 870
Other Provincial Allocations	2 639 094	2 021 428
<b>Conditional Grants - National Departmental Agencies</b>	<b>133 374</b>	<b>146 337</b>
Education, Training and Development Practices SETA	133 374	146 337
<b>Total</b>	<b>74 857 602</b>	<b>64 290 080</b>

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# OVERBERG DISTRICT MUNICIPALITY

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

	2019 R	2018 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
Disclosed as:		
Revenue from Non-Exchange Transactions (Operating)	73 374 602	63 400 089
Revenue from Non-Exchange Transactions (Capital)	1 483 000	890 000
<b>Total</b>	<b>74 857 602</b>	<b>64 290 089</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	67 902 000	57 286 000
Management Services	5 830 602	7 004 089
Community & Technical Services	1 125 000	-
<b>Total</b>	<b>74 857 602</b>	<b>64 290 089</b>

The movements per grant can be summarised as follows:

### 20.01 Equitable Share

Grants Received	67 902 000	57 286 000
Transferred to Revenue - Operating	(67 902 000)	(57 286 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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

### 20.02 Financial Management Grant (FMG)

Grants Received	1 000 000	1 250 000
Transferred to Revenue - Operating	(1 000 000)	(1 250 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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

### 20.03 Expanded Public Works Program (EPWP)

Grants Received	1 125 000	1 142 000
Transferred to Revenue - Operating	(1 125 000)	(1 142 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>



# OVERBERG DISTRICT MUNICIPALITY

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

	2019 R	2018 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<p>The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.</p>		
<b>20.04 Rural Roads Asset Management System</b>		
Opening Unspent Balance	362 545	-
Grants Received	2 649 000	2 643 000
Transferred to Revenue - Operating	(1 896 165)	(2 280 455)
<b>Closing Unspent Balance</b>	<b>1 115 381</b>	<b>362 545</b>
<p>The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).</p>		
<b>20.05 Health Subsidy</b>		
Grants Received	161 969	163 870
Transferred to Revenue - Operating	(161 969)	(163 870)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>Health subsidies was used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality.</p>		
<b>20.06 Other Provincial Allocations and SETA</b>		
Opening Unspent Balance	1 826 653	1 755 069
Grants Received	5 497 345	2 239 348
Transferred to Revenue - Capital	(1 483 000)	(890 000)
Transferred to Revenue - Operating	(1 289 468)	(1 277 765)
Returned to Provincial Treasury	(1 335 343)	-
<b>Closing Unspent Balance</b>	<b>3 216 187</b>	<b>1 826 653</b>
<p>Other Provincial Allocations includes grants such as:</p> <ul style="list-style-type: none"> <li>- Disaster and Risk Management</li> <li>- Provincial Finance Management Support Grant</li> <li>- SETA Training Fund</li> <li>- Greenest Municipality</li> <li>- Other Provincial Contributions</li> </ul>		



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# OVERBERG DISTRICT MUNICIPALITY

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

	2019 R	2018 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>20.07 Total Grants</b>		
Opening Unspent Balance	9 404 327	8 970 198
Grants Received	78 335 314	64 724 218
Transferred to Revenue - Capital	(1 483 000)	(890 000)
Transferred to Revenue - Operating	(73 374 602)	(63 400 089)
Returned to Provincial Treasury	(1 335 343)	-
<b>Closing Unspent Balance</b>	<b>11 546 696</b>	<b>9 404 327</b>
<b>21 ROADS MAINTENANCE SERVICES</b>		
Roads Maintenance Services	93 654 452	81 190 509
<b>Total</b>	<b>93 654 452</b>	<b>81 190 509</b>
<b>Details of roads maintenance services:</b>		
Payable at the beginning of the year	12 661 983	7 215 129
Funds Received	87 586 336	86 637 363
Transferred to Revenue - Operating	(93 654 452)	(81 190 509)
<b>Payable at the end of the year</b>	<b>6 593 867</b>	<b>12 661 983</b>
The roads funding received is utilised to upgrade and maintain the provincial roads network in the municipal area.		
<b>22 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Individuals and Organisations	-	152
<b>Total</b>	<b>-</b>	<b>152</b>
<b>23 ACTUARIAL GAINS</b>		
Post Retirement Medical Benefits	10 582 301	5 429 388
<b>Total</b>	<b>10 582 301</b>	<b>5 429 388</b>
<b>24 SERVICE CHARGES</b>		
Landfill Revenue	2 102 464	60 000
Municipal Services	-	14 753
<b>Total</b>	<b>2 102 464</b>	<b>74 753</b>

The Landfill Revenue raised relates to the Karwyderskraal dumping site that became operational after the completion of Cell 4 in April 2019.

# OVERBERG DISTRICT MUNICIPALITY

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

	2019 R	2018 R
<b>25 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Resorts	15 167 372	15 676 114
Equipment	9 093	38 526
Other	24 547	22 525
<b>Total</b>	<b>15 201 012</b>	<b>15 737 164</b>
<b>26 AGENCY SERVICES</b>		
Roads	9 214 868	9 388 283
<b>Total</b>	<b>9 214 868</b>	<b>9 388 283</b>
<p>The Roads agency fee relates to the roads function being performed by the municipality on behalf of the Western Cape Provincial Government.</p>		
<b>27 OTHER INCOME</b>		
Administration Fees	71 434	75 407
Breakages and Losses	352	10 007
Cash Surpluses	1 093	25 310
Entrance Fees	188 346	287 652
Fire Services	3 012 387	2 500 000
Inspection Fees	127 977	118 257
Scrap	1 522	1 709
Shared Services	383 493	531 481
Reduction in Rehabilitation Provision	4 432 021	1 001 605
Sundry Income	85 349	198 982
<b>Total</b>	<b>8 303 972</b>	<b>4 750 409</b>

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



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# OVERBERG DISTRICT MUNICIPALITY

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

28	<b>EMPLOYEE RELATED COSTS</b>	<b>2019</b> R	<b>2018</b> R
	Basic Salaries and Wages	64 174 726	57 852 301
	Bonus	4 954 974	4 425 305
	Pension Fund Contributions	10 529 881	9 251 406
	Medical Aid Contributions	4 167 786	3 814 018
	Motor Vehicle Allowance	4 898 562	4 996 371
	Overtime	2 767 903	2 454 528
	UIF Contributions	525 019	475 205
	Cellphone Allowance	434 666	378 400
	Housing Allowances	599 396	644 663
	Standby Allowance	2 662 358	2 342 087
	Group Life Insurance	1 389 746	1 245 500
	Bargaining Council Levy	113 177	30 203
	Workmen's Compensation Contributions	513 329	496 839
	Leave Contributions	1 519 569	835 035
	Long service awards	380 097	349 106
	Post Retirement Medical Benefits	1 564 033	1 521 754
	<b>Total</b>	<b>101 195 223</b>	<b>91 112 721</b>

### Remuneration of Key Personnel

Key personnel are appointed on fixed term contracts.

### Remuneration of the Municipal Manager - D P Beretti

Basic Salary	1 574 063	1 341 960
Pension and UIF Contributions	1 785	1 785
Motor Vehicle Allowance	191 795	203 423
Housing Allowance	3 084	2 300
Cellphone Allowance	18 000	16 000
Bargaining Council Levy	-	17
<b>Total</b>	<b>1 788 727</b>	<b>1 565 484</b>

### Remuneration of the Chief Financial Officer - CF Hoffmann (From July 2018)

Basic Salary	781 107	-
Pension and UIF Contributions	1 636	-
Motor Vehicle Allowance	62 937	-
Housing Allowance	569	-
Cellphone Allowance	5 270	-
Other benefits and allowances	8 238	-
<b>Total</b>	<b>859 757</b>	<b>-</b>



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

	2019 R	2018 R
<b>28 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<b>Remuneration of the Chief Financial Officer - JCP Tesselaar (Up to June 2018)</b>		
Basic Salary	-	1 001 503
Pension and UIF Contributions	-	1 785
Motor Vehicle Allowance	-	139 599
Housing Allowance	-	1 833
Cellphone Allowance	-	11 000
Other benefits and allowances	-	23 364
Bargaining Council Levy	-	74
Leave Payment	-	57 494
<b>Total</b>	<b>-</b>	<b>1 236 652</b>
<b>Remuneration of the Director Community Services - PA Olivier</b>		
Basic Salary	780 819	51 512
Pension and UIF Contributions	130 845	8 662
Motor Vehicle Allowance	90 226	4 178
Housing Allowance	1 459	98
Cellphone Allowance	18 000	1 253
<b>Total</b>	<b>1 021 349</b>	<b>65 703</b>
<b>29 REMUNERATION OF COUNCILLORS</b>		
Annual Remuneration	4 010 984	3 859 888
Pension Contributions	208 084	199 684
Motor Vehicle Allowance	1 645 369	1 682 400
Cellphone Allowance	399 600	399 600
<b>Total</b>	<b>6 264 038</b>	<b>6 141 571</b>

### In-kind Benefits

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

### Remuneration detail of Councillors

Mayor	AE Franken	1 031 601	1 033 555
Deputy Mayor	AG Klaas	764 221	740 123
Speaker	LM De Bruyn	765 979	730 336
Mayoral Committee	HD Coetzee	699 202	680 450
Mayoral Committee	MJ Koch	421 362	432 450
Mayoral Committee	CM Lamprecht	395 830	377 500
Mayoral Committee	MD Opperman	-	347 304
Mayoral Committee	L Ntsabo	397 949	35 164

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# OVERBERG DISTRICT MUNICIPALITY

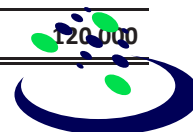
## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
<b>34 FINANCE CHARGES</b>		
Annuity Loans	2 064 696	40 669
Finance Lease Liabilities	144 753	365 041
Rehabilitation Provision - Landfill Sites	2 357 263	2 117 792
Post Retirement Medical Benefits	5 256 182	5 092 481
Long Service Awards	435 114	383 192
<b>Sub-Total</b>	<b>10 258 008</b>	<b>7 999 175</b>
Less Finance Charges Capitalised	(1 176 716)	-
<b>Total</b>	<b>9 081 292</b>	<b>7 999 175</b>

The Accounting policy relating to borrowing cost were change in the current year. Refer to note 1.27. This change whereby interest is capitalised on qualifying assets had no effect on the comparative figures.

<b>35 CONTRACTED SERVICES</b>		
Accounting, Business and Financial Management	1 117 657	2 208 372
Audit Committee	135 052	171 151
Burial Services	23 974	33 846
Contractors - Maintenance of Buildings and Facilities	677 746	428 295
Contractors - Maintenance of Equipment	2 080 552	1 997 476
Contractors - Maintenance of Unspecified Assets	2 952 317	2 161 168
Fire Services	1 892 901	1 947 881
Human Resources	281 448	332 490
Laboratory Services	315 932	260 500
Landfill site operational & maintenance	1 209 539	568 714
Legal Cost	1 072 610	923 028
Occupational Health and Safety	14 234	52 502
Project Management	1 662 826	1 880 346
Security Services	1 629 717	1 091 405
Other	445 782	459 446
<b>Total</b>	<b>15 512 286</b>	<b>14 516 619</b>

<b>36 TRANSFERS AND GRANTS</b>		
Bursaries	360 000	120 000
<b>Total</b>	<b>360 000</b>	<b>120 000</b>



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

	2019 R	2018 R
<b>37 OTHER EXPENDITURE</b>		
Advertising, Publicity and Marketing	452 166	439 510
Audit Fees	3 064 225	2 534 552
Bank Charges, Facility and Card Fees	166 978	118 817
Blades	599 787	555 549
Catering and Refreshments	68 302	50 397
Cleaning materials	52 082	32 465
Entertainment - Mayor	28 696	38 118
Equipment Rental	7 272 521	3 434 020
Freight Services	105 806	78 019
Fuel Cost	12 721 288	11 157 030
Hire Charges	229 905	270 920
Insurance	619 602	682 699
Materials and Small Tools	32 416 243	29 215 916
Management Fee	7 093	7 850
Membership Fees	898 533	1 113 741
Motor Vehicle Licence and Registrations	92 527	88 920
Municipal services	5 763 075	6 870 695
Office rental	267 883	351 344
Oil and Tyres	2 424 799	1 906 170
Printing, Publications and Stationery	516 597	620 226
Safety clothes	492 303	790 628
Skills development levy	947 434	844 525
Software Licences	647 901	-
Telephone and Postage	2 074 061	1 661 718
Training and Workshops	198 789	668 215
Travel and subsistence	262 269	397 852
General Expenses	492 707	113 305
<b>Total</b>	<b>72 883 572</b>	<b>64 043 198</b>

### 38 REPAIRS AND MAINTENANCE

The following expenditure relating to repairs and maintenance projects were identified by the municipality:

Contracted Services	5 780 549	4 832 018
Other Expenditure	178 954	746 683
<b>Total</b>	<b>5 959 503</b>	<b>5 578 701</b>



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# OVERBERG DISTRICT MUNICIPALITY

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

### 38 REPAIRS AND MAINTENANCE (CONTINUED)

In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:

Land and Buildings (Including Resorts)	1 399 381	873 346
Machinery and Equipment	2 049 953	2 612 015
Vehicles	2 510 169	2 093 341
<b>Total</b>	<b>5 959 503</b>	<b>5 578 701</b>

Prior year figures were adjusted to incorporate expenditure items incorrectly excluded, while all roads function related expenditure were removed.

### 39 PRIOR PERIOD ADJUSTMENTS

2018  
R

#### 39.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS

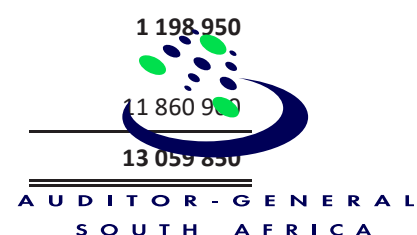
<b>Balance Previously Reported</b>	<b>2 800 314</b>
Office 365 licence fees relating to 2018/19 incorrectly paid and expensed in 2017/2018 - Refer to note 39.09	639 697
Account for SALGA expenses and credit note previously not included in records	(103 487)
Effect up to 30 June 2017 - Refer to note 39.08	(159 007)
Effect during 2017/18 - Refer to note 39.09	55 520
Output VAT previously not accounted for on fire services levied to local municipalities - Refer to note 39.02	529 000
<b>Restated Balance on 30 June 2018</b>	<b>3 865 524</b>

#### 39.02 TAXES

<b>Balance Previously Reported</b>	<b>704 190</b>
Output VAT previously not accounted for on fire services levied to local municipalities - Refer to note 39.01	(529 000)
<b>Restated Balance on 30 June 2018</b>	<b>175 190</b>

#### 39.03 INVESTMENT PROPERTY

<b>Balance Previously Reported</b>	<b>1 198 950</b>
Recognise Investment Properties previously excluded from the records of the municipality - Refer to note 39.08	11 860 900
<b>Restated Balance on 30 June 2018</b>	<b>13 059 850</b>



# OVERBERG DISTRICT MUNICIPALITY

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

	2018 R
<b>39 PRIOR PERIOD ADJUSTMENTS</b>	
<b>39.04 PROPERTY PLANT AND EQUIPMENT</b>	
<b>Balance Previously Reported</b>	<b>45 756 445</b>
Upgrading cost relating to Cell 4 Karwyderskraal and Upgrading of Fire Station incorrectly classified.	-
Effect on Land and Buildings Additions - 2017/18	(1 141 403)
Effect on Other Assets Additions - 2017/18	(23 000)
Effect on Infrastructure Additions - 2017/18	1 164 403
Capitalised Restoration Cost (PPE) incorrectly disclosed as separate line item on the face of the Statement of Financial Position - Refer to note 39.05	6 888 783
Effect on Land and Buildings Cost - 30 June 2017	10 518 160
Effect on Land and Buildings Cost (Disposals) - 2017/18	(1 551 237)
Effect on Land and Buildings Accumulated Depreciation - 30 June 2017	(1 642 371)
Effect on Land and Buildings Depreciation (Additions) - 2017/18	(352 713)
Effect on Land and Buildings Accumulated Impairment - 30 June 2017	(57 957)
Effect on Land and Buildings Impairment (Additions) - 2017/18	(25 099)
Correct incorrect depreciation rates previously allocated to restoration component of land and buildings	(6 542 553)
Effect on Land and Buildings Accumulated Depreciation - 30 June 2017 - Refer to note 39.08	(6 533 971)
Effect on Land and Buildings Depreciation (Additions) - 2017/18 - Refer to note 39.09	(1 017 604)
Effect on Land and Buildings Impairment (Additions) - 2017/18 - Refer to note 39.09	7 416
Effect on Land and Buildings Cost (Disposals in Excess of Carrying Value of Assets) - 2017/18 - Refer to note 39.09	1 001 605
Residual values incorrectly not allocated to vehicles	103 103
Effect on Vehicles Accumulated Depreciation - 30 June 2017 - Refer to note 39.08	50 958
Effect on Vehicles Depreciation (Additions) - 2017/18 - Refer to note 39.09	52 145
<b>Restated Balance on 30 June 2018</b>	<b>46 205 777</b>

### 39.05 CAPITALISED RESTORATION COST (PPE)

#### Balance Previously Reported

Capitalised Restoration Cost (PPE) incorrectly disclosed as separate line item on the face of the Statement of Financial Position - Refer to note 39.04

#### Restated Balance on 30 June 2018

6 888 783  
(6 542 553)

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# OVERBERG DISTRICT MUNICIPALITY

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

	2018 R
<b>39 PRIOR PERIOD ADJUSTMENTS</b>	
<b>39.06 PAYABLES FROM EXCHANGE TRANSACTIONS</b>	
<b>Balance Previously Reported</b>	<b>4 820 362</b>
Roads Manintenance Service Payable incorrectly included as part of unspent conditional government grants - Refer to note 39.07	10 715 613
Limit revenue recognition in line with available funding available on 30 June 2018 (Roads Maintenance Service) - Refer to note 39.09	1 946 369
<b>Restated Balance on 30 June 2018</b>	<b>17 482 345</b>
<b>39.07 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>	
<b>Balance Previously Reported</b>	<b>12 904 812</b>
Roads Manintenance Service Payable incorrectly included as part of unspent conditional government grants - Refer to note 39.06	(10 715 613)
<b>Restated Balance on 30 June 2018</b>	<b>2 189 198</b>
<b>39.08 ACCUMULATED SURPLUS</b>	
<b>Balance Previously Reported</b>	<b>13 920 272</b>
Prior Period adjustments relating to 2017/18 - Refer to note 39.09	(1 207 591)
Prior Period Adjustments up to 30 June 2017	5 218 881
Account for SALGA expenses and credit note previously not included in records - Refer to note 39.01	(159 007)
Recognise Investment Properties previously excluded from the records of the municipality - Refer to note 39.03	11 860 900
Correct incorrect depreciation rates previously allocated to restoration component of land and buildings - Refer to note 39.04	(6 533 971)
Residual values incorrectly not allocated to vehicles - Refer to note 39.04	50 958
<b>Restated Balance on 30 June 2018</b>	<b>17 931 562</b>



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

39	PRIOR PERIOD ADJUSTMENTS	2018 R
<b>39.09 STATEMENT OF FINANCIAL PERFORMANCE</b>		
	<b>Deficit Previously Reported</b>	<b>(1 470 285)</b>
	<b>Depreciation and Amortisation</b>	<b>(965 459)</b>
	Correct incorrect depreciation rates previously allocated to restoration component of land and buildings - Refer to note 39.04	(1 017 604)
	Residual values incorrectly not allocated to vehicles - Refer to note 39.04	52 145
	<b>Impairments</b>	<b>7 416</b>
	Correct incorrect depreciation rates previously allocated to restoration component of land and buildings (Effect on impairments previously recognised) - Refer to note 39.04	7 416
	<b>Other Expenditure</b>	<b>695 217</b>
	Office 365 licence fees relating to 2018/19 incorrectly paid and expensed in 2017/2018 - Refer to note 39.01	639 697
	Account for SALGA expenses and credit note previously not included in records - Refer to note 39.01	55 520
	<b>Insurance Receipts (Exchange Revenue)</b>	<b>409 321</b>
	Insurance Receipts incorrectly included as part of Non-Exchange Revenue	409 321
	<b>Insurance Receipts (Non-Exchange Revenue)</b>	<b>(409 321)</b>
	Insurance Receipts incorrectly included as part of Non-Exchange Revenue	(409 321)
	<b>Other Income</b>	<b>1 001 605</b>
	Correct incorrect depreciation rates previously allocated to restoration component of land and buildings (Effect on other income previously recognised) - Refer to note 39.04	1 001 605
	<b>Roads Maintenance Services</b>	<b>81 190 509</b>
	Roads maintenance revenue incorrectly classified as Government Grants and Subsidies	83 136 878
	Limit revenue recognition in line with available funding available on 30 June 2018 (Roads) - Refer to note 39.07	(1 946 369)
	<b>Government Grants and Subsidies - Operating</b>	<b>(83 136 878)</b>
	Roads maintenance revenue incorrectly classified as Government Grants and Subsidies	(83 136 878)
	<b>Restated Balance on 30 June 2018</b>	<b>(2 677 876)</b>

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

	2019 R	2018 R
<b>40 NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		
Net Surplus/(Deficit) for the year	4 584 720	(2 677 876)
Adjusted for:		
Non-Cash Revenue	(15 896 640)	(7 913 687)
Actuarial Gains	(10 582 301)	(5 429 388)
Reduction in Landfill Site Provision	(4 432 021)	(1 001 605)
Gain on disposal of Investment Property	(882 318)	(1 482 693)
Non-Cash Expenditure	14 315 399	12 353 232
Debt Impairment	61 499	14 720
Depreciation and Amortisation	4 068 053	4 634 920
Impairment	-	17 683
Actuarial losses	422 066	74 960
Finance Charges	6 871 843	7 593 465
Stock Adjustments	47 685	482
Loss on disposal of PPE	2 844 254	17 002
Contributions - Provisions and Employee Benefits	8 418 673	7 131 200
Post Retirement Medical Benefits	1 564 033	1 521 754
Long Service Awards	380 097	349 106
Bonuses	4 954 974	4 425 305
Staff Leave	1 519 569	835 035
Expenditure - Provisions and Employee Benefits	(8 774 938)	(7 637 021)
Post Retirement Medical Benefits	(2 805 456)	(2 761 958)
Long Service Awards	(704 037)	(499 713)
Bonuses	(4 645 722)	(4 146 140)
Staff Leave	(619 723)	(229 210)
Other adjustments	(1 335 343)	(33 092)
Bad Debts Written Off	-	(33 092)
Grants Returned to Provincial Treasury	(1 335 343)	-
Operating Surplus before changes in working capital	1 311 871	1 222 756
Movement in working capital	(2 046 635)	8 217 882
Receivables from exchange and non-exchange transactions	(956 382)	(1 669 814)
Inventory	189 656	(37 071)
Payables from exchange transactions	(5 784 842)	7 192 666
Unspent Conditional Government Grants	3 477 711	34 925
Taxes	1 027 222	2 297 972
<b>Cash Flow from Operating Activities</b>	<b>(734 764)</b>	<b>9 448 000</b>

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

	2019	2018
	R	R
<b>41 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	17 302 108	8 840 885
Call and Notice Deposits	21 138 968	27 867 600
Cash Floats	6 900	6 900
<b>Total</b>	<b>38 447 976</b>	<b>36 715 385</b>

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

## 42 BUDGET COMPARISONS

### 42.1 COMPARABLE BASIS

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

The following items are affected by these classification differences:

#### Statement of financial position

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

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

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

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

Capitalised Restoration Cost budgeted for as a separate line item is included as part of Property Plant and Equipment

#### Statement of financial performance

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



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

### 42 BUDGET COMPARISONS (CONTINUED)

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

The prescribed formats of National Treasury also does not include a separate line item for "Gains on disposal of Investment Property". Accordingly, for budget purposes all gains on disposal relating to Property Plant and Equipment and Investment Property are budgeted for as part of "Gains on Disposal of PPE"

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

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis, except for the following:

The prescribed formats of National Treasury does not include a separate line item for "Proceeds on disposal of Investment Property". Accordingly, for budget purposes all proceeds on disposal relating to Property Plant and Equipment and Investment Property are budgeted for as part of "Proceeds on Disposal of PPE"

#### Budget Adjustments

All adjustments made to the approved budget during the year were in line with the defined limits included in the approved Virement Policy of the municipality

### 42.2 MATERIAL VARIANCES

#### Statement of financial position - Budget Adjustments

None

#### Statement of financial position - Budget versus Actual

Consumer Debtors	Variance mainly the result of outstanding amounts levied to Overstrand Local Municipality, Theewaterskloof Local Municipality and Cape Agulhas Local Municipality for fire services and solid waste disposal fees only paid after year-end.
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# OVERBERG DISTRICT MUNICIPALITY

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

42

### BUDGET COMPARISONS (CONTINUED)

Investment property	Internal property audit identified properties previously omitted from the records of the municipality.
Property, plant and equipment	Variance mainly the result of an underspending of the capital budget in Emergency Services where projects were delayed to the next financial year. This was partially offset by significant rehabilitation costs associated with the newly constructed Cell 4 at Karwyderskraal not included in the budget of the municipality.
Trade and other payables	Variance mainly relates to unspent grant funding (Fire services) which were not spent up to 30 June 2019
Provisions and Employee Benefits	Unexpected actuarial gain realised in the current year on Post Retirement Benefits which were partially offset by an increase in the rehabilitation of landfill site provision on 30 June 2019.
Accumulated Surplus and Reserves	Variance mainly relates to the recognition of investment properties previously omitted from the records of the municipality combined with the revenue derived from the roads function exceeding the expectation in the budget.

### Statement of financial performance - Budget Adjustments

All Adjustments	All adjustments were done in line with the approved virement policy of the municipality where funds are transferred from one line item to another within a specific vote.
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### Statement of financial performance - Budget versus Actual

Rental of facilities and equipment	Caping fees budget amounting to R 3.8 million budgeted in mSCOA as part of Other Revenue.
Government grants and subsidies - operating	Roads maintenance services incorrectly budgeted as part of Government Grants and Subsidies, while activities in roads department also exceeded budgeted allocation in the current year.
Roads Maintenance Services	Roads maintenance services incorrectly budgeted as part of Government Grants and Subsidies
Other revenue	Unexpected actuarial gain realised in the current year on Post Retirement Benefits.
Gains on disposal of Assets	Actual disposals in current year less than originally anticipated during the compilation of the budget.
Employee related costs	Activities in roads department exceeded budgeted allocation in the current year.
Finance charges	Roads department did not provide any budget allocation for interest on Post Retirement Benefits and Long Service Awards.

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

### 42 BUDGET COMPARISONS (CONTINUED)

Loss on Disposal of PPE	The variance relates to disposal of Dennehof where the loss on disposal was not budgeted for.
Government Grants and Subsidies - Capital	Variance mainly the result of an underspending of the capital budget in Emergency Services where projects were delayed to the next financial year.

#### Cash Flow Statement - Budget Adjustments

None

#### Cash Flow Statement - Budget versus Actual

Government grants - Operating	Roads maintenance services budgeted as part of grants while required to be disclosed separately
Roads Maintenance Services	Funding received budgeted as part of Government Grants = Operating
Suppliers and Employees	Activities in roads department exceeded budgeted allocation in the current year.
Proceeds on disposal of Assets	Actual disposals in current year less than originally anticipated during the compilation of the budget.
Capital assets	Variance mainly the result of an underspending of the capital budget in Emergency Services where projects were delayed to the next financial year.

2019  
R

2018  
R

### 43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

#### 43.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

Opening balance	2 665 541	-
Unauthorised expenditure current year - operating	10 941 839	1 679 468
Unauthorised expenditure current year - capital	5 483 128	986 072
Approved by Council	(2 665 541)	-
<b>Unauthorised expenditure awaiting approval</b>	<b>16 424 967</b>	<b>2 665 541</b>



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

### 43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

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

	2019 (Actual) R	2019 (Final Budget) R	2019 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Municipal Manager	14 167 703	14 988 454	-
Corporate Services	8 581 169	9 865 818	-
Finance	25 349 358	24 094 017	1 255 341
Community Services	164 641 737	154 955 239	9 686 498
<b>Total</b>	<b>212 739 967</b>	<b>203 903 528</b>	<b>10 941 839</b>

The Unauthorised Expenditure incurred can be attributed to the roads function (Community Services), where both the budget and expenditure is determined by the Provincial Department as well as the disposal of Dennehof where the loss on disposal was not budgeted for (Finance).

#### Unauthorised expenditure - Capital

Municipal Manager	11 433	12 200	-
Corporate Services	302 647	629 820	-
Finance	32 078	74 000	-
Community Services	36 635 698	31 152 570	5 483 128
<b>Total</b>	<b>36 981 856</b>	<b>31 868 590</b>	<b>5 483 128</b>

The Unauthorised Expenditure incurred can be attributed to a Non-Cash Addition relating to the rehabilitation cost of Cell 4 at Karwyderskraal.

### 43.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

	2019 R	2018 R
Opening balance (Revised)	221 239	
Fruitless and wasteful expenditure incurred	-	
Approved by Council	(221 239)	
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>-</b>	



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

	2019 R	2018 R
<b>43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>		
Details of Fruitless and wasteful expenditure incurred:		
SARS interest and penalties	-	221 239
<b>Total</b>	<b>-</b>	<b>221 239</b>

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

### 43.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	1 103 320	557 133
Irregular expenditure incurred	16 996 911	682 272
Approved by Council	(1 103 320)	(136 085)
<b>Irregular expenditure awaiting approval</b>	<b>16 996 911</b>	<b>1 103 320</b>

Details of Irregular expenditure incurred :

Local content not applied to procurement process	97 906	-
Invalid Deviation - Karwyderskraal Annuity Loan (Interest)	2 041 072	-
Regulation 32 Contracts (Current Year)	7 192 173	-
Regulation 32 Contracts (Previous Years)	7 665 761	-
Not registered on Centralised Supplier Database (CSD)	-	144 281
Irregular expenditure on deviation	-	99 166
Actual Expenditure exceed quoted amount	-	11 480
Expenditure for which no quotes were obtained	-	16 720
Award made before a valid tax clearance certificate was obtained	-	410 625
<b>Total</b>	<b>16 996 911</b>	<b>682 272</b>

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

### 44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

#### 44.1 Salga Contributions [MFMA 125 (1)(b)]

Opening balance	(490 771)
Expenditure incurred	870 375
Payments	(1 190 126)
<b>Payments in advance</b>	<b>(810 522)</b>



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

	2019 R	2018 R
<b>44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
<b>44.2 Audit Fees [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Expenditure incurred	3 064 225	2 534 552
External Audit - Auditor-General	3 064 225	2 534 552
Payments	(3 064 225)	(2 534 552)
<b>Outstanding Balance</b>	-	-
<b>44.2 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	686 054	1 698 217
Amounts received during the year	(12 259 899)	(7 346 383)
Amounts paid during the year	1 160 767	-
Interest Earned on Refunds Due	22 474	-
Amounts (payable to)/claimable from SARS	10 524 115	6 334 220
<b>Outstanding Balance</b>	133 512	686 054
<b>Vat in suspense due to cash basis of accounting</b>	(985 543)	(510 864)
<p>VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.</p>		
<b>44.3 PAYE, SDL and UIF [MFMA 125 (1)(c)]</b>		
Payments due to SARS	15 789 641	13 814 482
Payments	(15 789 641)	(13 814 482)
<b>Outstanding Balance</b>	-	-
<b>44.4 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]</b>		
Payments due to pension fund and medical aid	23 158 046	20 666 643
Payments	(23 158 046)	(20 666 643)
<b>Outstanding Balance</b>	-	-
<b>44.5 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]</b>		

No Councillor had any arrear account outstanding for more than 90 days during the year or at year end (Same applies to previous financial year).



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

		2019	2018
		R	R
44	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		

### 44.6 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management Regulations were identified on the following financial categories:

Between R 0 and R 2 000	-	-
Between R 2 000 and R 10 000	189 779	323 389
Between R 10 000 and R 30 000	237 935	770 541
Between R 30 000 and R 200 000	1 054 052	1 503 470
Above R 200 000	903 012	1 142 369
<b>Total</b>	<b>2 384 777</b>	<b>3 739 769</b>

Deviations by Nature:

Sole Supplier	254 012	972 001
Emergency	693 900	563 105
Exceptional Case	1 436 865	2 204 663
<b>Total</b>	<b>2 384 777</b>	<b>3 739 769</b>

### 44.7 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

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

<u>Supplier</u>	<u>Relationship</u>		
Premium Computers (Candice Eksteen)	Father works at Denel. Fathers name not given.	64 625	115 985
Easy Mix (Arthur Carelse)	Helena De Jager works at Cape Agulhas Municipality	309 569	5 013 173



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

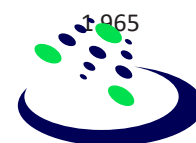
2019  
R

2018  
R

44

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

Boland Valuers (Johann Cristoffel Groenewald)	Me. E Groenewald is a Part Time Councillor at Stellenbosch Municipality	-	1 995
Soetmuis Agtien CC (Florence Pieterse)	Spouse Is a member of the Audit Committee at Cape Agulhas Municipality	-	153 273
LVR Security Services (Leon Vosloo)	CJM Vosloo (spouse) Is the Mayor at TWK Municipality, C Vosloo (daughter) Temporary Admin Clerk at TWK Municipality	123 950	101 806
Mubesko Africa (Hendri Niehaus)	Wife Janine Niehaus is a dietician at Northern Cape Department of Health	58 396	281 934
Altimax (Annalien Carstens and Erna Verryne Joubert)	Director's Spouse working at the Department of Higher Education and Training. Shareholder's Parent working at the Department of Social Development. Shareholder's Spouse is a pilot at Mango Soc Ltd	-	346 743
Undercover	Spouse is the CEO at Denel Overberg Test Range	-	2 486
S'Cees (Esmaralda Dreyer)	Neville Dreyer works at Health Department Hermanus ODM	-	1 965
Water Solutions Southern Africa (Pty) Ltd	The Non-Executive Director's spouse work at Ekurhuleni Metro Municipality as an Administrative Officer.	134 241	142 608



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

44

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

		2019 R	2018 R
Bredasdorp Square	Child is Councillor at Cape Agulhas Municipality	-	1 150
Metsy Motors	Owner's spouse works at the Department of Educations and child works at the Department of	284 779	151 228
Piston Power	Member's spouse works at Departments of Education	370 401	-
NCC Environmental Services (Pty) Ltd	One of the Director's spouse works at the City of Cape Town as Head of Invasive Species	64 595	-
SMEC South Africa (Pty)Ltd	The spouse of the Chairman & Non-executive director is a member of the National Assembly	2 137 984	1 922 571
Dynachem	The owner's child works at the Department of Education	28 795	-
Sydney Amanzi Management Solutions	Owner's child works at the Hessequa Municipality	3 750	-
<b>Total</b>		<b>3 581 086</b>	<b>8 236 916</b>



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

	2019 R	2018 R
<b>45 CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of Capital Expenditure:</b>	<b>718 559</b>	<b>22 390 316</b>
Approved and contracted for:		
Virtual Reality Firefighting Simulator	718 559	-
Construction of Cell 4 Karwyderskraal	-	22 390 316
<b>Total</b>	<b>718 559</b>	<b>22 390 316</b>
This expenditure will be financed from:		
Internally Generated Funds	718 559	-
External Loans	-	22 390 316
<b>Total</b>	<b>718 559</b>	<b>22 390 316</b>

## 46 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

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

### 46.1 Credit Risk

The following financial assets are exposed to credit risk:

	2019 R	2018 R
Cash and Cash Equivalents	38 447 976	36 715 385
Receivables from exchange transactions	3 840 522	2 735 056
Receivables from non-exchange transactions	380 016	316 234
<b>Total</b>	<b>42 668 513</b>	<b>39 766 676</b>

There were no changes in the in the approach how credit risk is managed during the period under review.

#### Cash and Cash Equivalents

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



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

### 46 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit risk is further managed and guided by the Cash Management and Investment Policy.

#### Receivables from Exchange and Non-Exchange Transactions

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

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

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

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

No impairment charge is raised against current receivables which are not considered to be passed due. The credit risk relating to these receivables are considered low. This is due to the fact that the outstanding balance mainly relates to outstanding monies from local municipalities in the municipal area.

There are no individual material debtors that are assessed individually for impairment

Also refer to note 3 and 4 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted. No debt was renegotiated during the period under review.

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



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

### 46 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2019 R	2018 R
Electricity	262	385
Water	494	-
Housing rental	25 589	31 868
Sundry Debtors	531 251	937 514
Legal Fees	7 482	10 381
<b>Total</b>	<b>565 078</b>	<b>980 147</b>

#### 46.2 Currency risk (Market Risk)

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

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

#### 46.3 Interest rate risk (Market Risk)

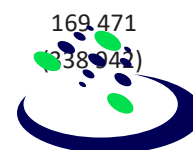
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	2019 R	2018 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	38 441 076	36 708 485
Long-term Liabilities (Including Current Portion)	(28 033 128)	(2 814 269)
<b>Net balance exposed</b>	<b>10 407 948</b>	<b>33 894 216</b>

Potential effect (which is based on managements assessment of the potential interest rate spread during the next financial year based on current market conditions) of changes in interest rates on surplus and deficit for the year:

0.5% (2018 - 0.5%) increase in interest rates	52 040
1% (2018 - 1%) decrease in interest rates	(104 079)

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



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# OVERBERG DISTRICT MUNICIPALITY

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

### 46 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 46.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

30 JUNE 2019	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	5 719 597	22 444 642	12 625 111
Finance Lease Liabilities	156 800	-	-
Payables from exchange transactions	11 188 018	-	-
<b>Total</b>	<b>17 064 415</b>	<b>22 444 642</b>	<b>12 625 111</b>

30 JUNE 2018	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	216 873	108 436	-
Finance Lease Liabilities	2 558 389	156 800	-
Payables from exchange transactions	16 858 251	-	-
<b>Total</b>	<b>19 633 513</b>	<b>265 236</b>	<b>-</b>

The liquidity risk is further managed and guided by the Liquidity Policy.

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under review.



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# OVERBERG DISTRICT MUNICIPALITY

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

### 46 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 46.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

### 47 FINANCIAL INSTRUMENTS

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

#### Financial Assets

Cash and Cash Equivalents	38 447 976	36 715 385
Receivables from exchange transactions	3 840 522	2 735 056
Receivables from non-exchange transactions	380 016	316 234
<b>Total</b>	<b>42 668 513</b>	<b>39 766 676</b>

#### Financial Liabilities

Current Portion of Long-term Liabilities	2 872 212	2 556 280
Payables from exchange transactions	11 188 018	16 858 251
Long-term Liabilities	25 160 916	257 989
<b>Total</b>	<b>39 221 146</b>	<b>19 672 521</b>

### 48 STATUTORY RECEIVABLES

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

VAT Receivable	-	175 190
<b>Total</b>	<b>-</b>	<b>175 190</b>

### 49 EVENTS AFTER REPORTING DATE

None

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# OVERBERG DISTRICT MUNICIPALITY

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

### 50 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following services in kind:

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

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

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

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

### 51 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

### 52 CONTINGENT LIABILITIES

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

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

#### 52.2

The municipality claims input VAT on expenditure relating to the Roads Maintenance function performed in terms of its agreement with the Provincial Roads Department. This treatment is based on guidance received after the roads agreement was investigated by a VAT consultant and the VAT payments was checked by SARS. The current treatment is not in line with the treatment at other District Municipalities in the Western Cape. Subsequently, the Auditor-General has found that the municipality incorrectly claimed the VAT inputs on expenses incurred in performing the road maintenance services, as the municipality is deemed to be an agent for VAT purposes. The Municipality will contact SARS to obtain an VAT ruling to clarify the current treatment of VAT. This raises the possibility to repay input VAT to SARS in this regard, along with possible interest and penalties. Amounts claimed up to reporting date in total is R 28 726 168.

### 53 RELATED PARTIES

Related parties are defined in note 1.34

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

All charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Remuneration of Key Personel and Councillors are disclosed in notes 28 and 29

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

### 54 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.



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# OVERBERG DISTRICT MUNICIPALITY

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

### 55 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>Financial Performance</b>						
Service charges	9 921 491	(6 814 722)	3 106 769	2 102 464	(1 004 305)	74 753
Investment revenue	1 400 000	-	1 400 000	2 158 752	758 752	2 936 533
Government Grants and Subsidies - Operating	158 024 106	4 089 427	162 113 533	73 374 602	(88 738 931)	63 400 089
Other own revenue	32 686 381	846 205	33 532 586	138 205 870	104 673 284	118 713 801
<b>Total Operating Revenue</b>	<b>202 031 978</b>	<b>(1 879 090)</b>	<b>200 152 888</b>	<b>215 841 688</b>	<b>15 688 800</b>	<b>185 125 176</b>
Employee costs	105 553 309	(7 545 178)	98 008 131	100 681 893	2 673 762	90 615 883
Remuneration of councillors	6 168 774	156 742	6 325 516	6 264 038	(61 478)	6 141 571
Debt impairment	-	10	10	61 499	61 489	14 720
Depreciation & asset impairment	3 101 298	474 247	3 575 545	4 068 053	492 508	4 652 603
Finance charges	5 625 450	1 047 406	6 672 856	9 081 292	2 408 436	7 999 175
Transfers and grants	-	480 000	480 000	360 000	(120 000)	120 000
Other expenditure and materials	81 456 195	7 385 275	88 841 470	92 223 193	3 381 723	79 149 100
<b>Total Expenditure</b>	<b>201 905 026</b>	<b>1 998 502</b>	<b>203 903 528</b>	<b>212 739 967</b>	<b>8 836 439</b>	<b>188 693 052</b>
<b>Surplus/(Deficit)</b>	<b>126 952</b>	<b>(3 877 592)</b>	<b>(3 750 640)</b>	<b>3 101 720</b>	<b>6 852 360</b>	<b>(3 567 876)</b>
Government Grants and Subsidies - Capital	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
<b>Surplus/(Deficit) for the year</b>	<b>1 609 952</b>	<b>(1 177 592)</b>	<b>432 360</b>	<b>4 584 720</b>	<b>4 152 360</b>	<b>(2 677 876)</b>



# OVERBERG DISTRICT MUNICIPALITY

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

### 55 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>32 740 541</b>	<b>(871 951)</b>	<b>31 868 590</b>	<b>36 981 856</b>	<b>5 113 266</b>	<b>5 331 903</b>
Transfers recognised - capital	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
Borrowing	26 977 041	(4 621 041)	22 356 000	22 316 198	(39 802)	-
Internally generated funds	4 280 500	1 049 090	5 329 590	13 182 659	7 853 069	4 441 903
<b>Total sources of capital funds</b>	<b>32 740 541</b>	<b>(871 951)</b>	<b>31 868 590</b>	<b>36 981 856</b>	<b>5 113 266</b>	<b>5 331 903</b>
<b>Cash flows</b>						
Net cash from (used) operating	8 256 270	(2 600 531)	5 655 739	(734 764)	(6 390 503)	9 440 638
Net cash from (used) investing	(29 780 541)	1 718 156	(28 062 385)	(23 508 878)	4 553 507	(3 795 210)
Net cash from (used) financing	24 956 344	262 515	25 218 859	25 976 232	757 373	(1 206 168)
Net Cash Movement for the year	<b>3 432 073</b>	<b>(619 860)</b>	<b>2 812 213</b>	<b>1 732 590</b>	<b>(1 079 622)</b>	<b>4 439 261</b>
Cash/cash equivalents at beginning of year	21 735 191	14 980 195	36 715 385	36 715 385	-	32 276 125
<b>Cash/cash equivalents at the year end</b>	<b>25 167 263</b>	<b>14 360 334</b>	<b>39 527 598</b>	<b>38 447 976</b>	<b>(1 079 622)</b>	<b>36 715 385</b>

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



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2019

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2018 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2019 R
<b><u>ANNUITY LOANS</u></b>						
INCA	9.45%	2019/12/31	296 754	-	(193 248)	103 505
STANDARD BANK (KARWYDERSKRAAL)	11.17%	2026/08/26	-	28 392 514	(617 376)	27 775 138
<b>Total Annuity Loans</b>			<b>296 754</b>	<b>28 392 514</b>	<b>(810 624)</b>	<b>27 878 644</b>
<b><u>FINANCE LEASE LIABILITIES</u></b>						
Avis (Vehicles)	10.03% -17.49%	2019/04/30	1 613 521	-	(1 613 521)	-
Nashua (Copiers)	10.50%	2019/09/30	903 994	-	(749 510)	154 484
<b>Total Finance Lease Liabilities</b>			<b>2 517 516</b>	<b>-</b>	<b>(2 363 031)</b>	<b>154 484</b>
<b>Total Long-Term Liabilities</b>			<b>2 814 269</b>	<b>28 392 514</b>	<b>(3 173 656)</b>	<b>28 033 128</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX B (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2019

MUNICIPAL VOTES	30 JUNE 2019			30 JUNE 2018		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Municipal Manager	10 480 679	(14 167 703)	(3 687 024)	11 402 457	(14 915 222)	(3 512 765)
Corporate Services	24 547	(8 581 169)	(8 556 622)	27 691	(8 291 385)	(8 263 694)
Finance	84 265 156	(25 349 358)	58 915 797	70 306 038	(22 463 712)	47 842 327
Community Services	122 554 306	(164 641 737)	(42 087 431)	104 278 990	(143 022 734)	(38 743 744)
<b>Total</b>	<b>217 324 688</b>	<b>(212 739 967)</b>	<b>4 584 720</b>	<b>186 015 176</b>	<b>(188 693 052)</b>	<b>(2 677 876)</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX B (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2019

GFS CLASSIFICATION	30 JUNE 2019			30 JUNE 2018		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Executive and Council	10 097 186	(10 599 154)	(501 968)	10 870 976	(11 357 177)	(486 200)
Internal audit	-	(1 227 320)	(1 227 320)	-	(1 136 628)	(1 136 628)
Finance and administration	83 190 195	(36 086 079)	47 104 117	70 865 210	(32 165 814)	38 699 397
Planning and Development	-	(1 222 662)	(1 222 662)	-	(1 085 778)	(1 085 778)
Public Safety	4 602 563	(28 130 431)	(23 527 868)	2 590 665	(25 707 953)	(23 117 288)
Environmental Protection	20 800	(2 354 399)	(2 333 599)	27 860	(2 059 775)	(2 031 915)
Waste Management	6 534 485	(5 141 756)	1 392 728	1 069 105	(2 918 535)	(1 849 429)
Sport and Recreation	16 312 968	(18 204 563)	(1 891 595)	15 842 924	(18 584 341)	(2 741 416)
Health	284 862	(13 836 248)	(13 551 386)	489 751	(12 401 247)	(11 911 496)
Road Transport	96 281 627	(95 937 354)	344 273	84 258 684	(81 275 806)	2 982 878
<b>Total</b>	<b>217 324 688</b>	<b>(212 739 967)</b>	<b>4 584 720</b>	<b>186 015 176</b>	<b>(188 693 052)</b>	<b>(2 677 876)</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2019

MUNICIPAL DEPARTMENTS	30 JUNE 2019			30 JUNE 2018		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Committee, Records & Councillor Support	-	(2 106 743)	(2 106 743)	-	(2 032 630)	(2 032 630)
Community Services Support	-	-	-	-	(3 114)	(3 114)
Comprehensive Health	161 969	(177 412)	(15 444)	163 870	(164 839)	(969)
Corporate Support	24 547	(1 560 047)	(1 535 500)	27 691	(1 742 992)	(1 715 301)
Council Expenditure	10 097 186	(8 197 171)	1 900 016	10 870 976	(8 324 851)	2 546 126
Emergency Services	3 119 563	(28 130 431)	(25 010 868)	2 590 665	(25 707 953)	(23 117 288)
Environmental Management	20 800	(2 354 399)	(2 333 599)	27 860	(2 059 775)	(2 031 915)
Executive (Community Services)	-	(1 036 985)	(1 036 985)	-	(71 963)	(71 963)
Executive (Corporate Services)	-	(286)	(286)	-	(604 405)	(604 405)
Executive (Finance)	-	(884 509)	(884 509)	-	(615 802)	(615 802)
Executive (Municipal Manager)	-	(2 189 578)	(2 189 578)	-	(1 948 079)	(1 948 079)
Executive Support	-	(212 406)	(212 406)	-	(1 084 247)	(1 084 247)
Expenditure	26 371	(3 039 292)	(3 012 921)	23 911	(2 769 480)	(2 745 569)
Financial Services	84 214 415	(18 142 034)	66 072 381	70 143 954	(16 050 766)	54 093 188
Financial Support	-	(152 257)	(152 257)	-	(95 176)	(95 176)
Human Resources	-	(2 007 555)	(2 007 555)	-	(1 923 945)	(1 923 945)
IDP & Communication	-	(1 222 662)	(1 222 662)	-	(1 085 778)	(1 085 778)
Information Services	-	(2 906 538)	(2 906 538)	-	(1 987 413)	(1 987 413)
Internal Audit	-	(1 227 320)	(1 227 320)	-	(1 136 628)	(1 136 628)



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2019

Led, Tourism, Resorts & EPWP	16 312 968	(18 204 563)	(1 891 595)	15 842 924	(18 572 841)	(2 729 916)
Municipal Health	122 893	(13 658 836)	(13 535 942)	325 881	(12 236 408)	(11 910 527)
Performance & Risk Management	383 493	(1 118 567)	(735 074)	531 481	(1 335 640)	(804 159)
Revenue	24 369	(1 287 979)	(1 263 610)	138 173	(1 173 782)	(1 035 609)
Solid Waste	6 534 485	(5 141 756)	1 392 728	1 069 105	(2 918 535)	(1 849 429)
Supply Chain Management	-	(1 843 286)	(1 843 286)	-	(1 758 706)	(1 758 706)
Uilenkraalsmond	-	-	-	-	(11 500)	(11 500)
Roads Function	96 281 627	(95 937 354)	344 273	84 258 684	(81 275 806)	2 982 878
<b>Total</b>	<b>217 324 688</b>	<b>(212 739 967)</b>	<b>4 584 720</b>	<b>186 015 176</b>	<b>(188 693 052)</b>	<b>(2 677 876)</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX D (UNAUDITED)

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

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	GRANTS RETURNED TO NT/PT	CLOSING BALANCE
	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	67 902 000	(67 902 000)	-	-	-
Financial Management Grant (FMG)	-	1 000 000	(1 000 000)	-	-	-
Expanded Public Works Program (EPWP)	-	1 125 000	(1 125 000)	-	-	-
Rural Roads Asset Management System	362 545	2 649 000	(1 896 165)	-	-	1 115 380
<b>Total</b>	<b>362 545</b>	<b>72 676 000</b>	<b>(71 923 165)</b>	<b>-</b>	<b>-</b>	<b>1 115 380</b>
<b>PROVINCIAL GOVERNMENT AND OTHER</b>						
mSCOA Support Grant	-	280 000	(280 000)	-	-	-
Anti-Fraud	-	400 000	(170 890)	-	-	229 110
SETA Training Fund	78 078	202 345	(133 374)	-	-	147 049
Asset Management Grant	664 639	-	-	-	(664 639)	-
Municipal Finance Management Internship Programme	170 704	-	-	-	(170 704)	-
Health Subsidy	-	161 969	(161 969)	-	-	-
CDW Operational Support Grant	61 934	-	(3 003)	-	-	58 931
Local Government Graduate Internship Grant	45 561	72 000	(91 460)	-	-	26 101
Human Capacity Building Grant	120 000	360 000	(360 000)	-	-	120 000
Municipal Service Delivery and Capacity Building Grant	185 737	-	(185 737)	-	-	-
Municipal Finance Improvement Program - Resorts	500 000	-	-	-	(500 000)	-
Fire Safety Plan	-	1 000 000	(65 005)	-	-	934 995
Fire Service Capacity Building Grant	-	1 483 000	-	(1 483 000)	-	-
Municipal Service Delivery and Capacity Building Grant - Fire	-	1 700 000	-	-	-	1 700 000
<b>Total</b>	<b>1 826 653</b>	<b>5 659 314</b>	<b>(1 451 437)</b>	<b>(1 483 000)</b>	<b>(1 335 343)</b>	<b>3 216 187</b>
<b>Total</b>	<b>2 189 198</b>	<b>78 335 314</b>	<b>(73 374 602)</b>	<b>(1 483 000)</b>	<b>(1 335 343)</b>	<b>4 331 567</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>88 021 579</b>	<b>810 632</b>	<b>88 832 211</b>	<b>93 287 382</b>	<b>4 455 171</b>	<b>81 736 186</b>
Executive and Council	11 875 549	743 855	12 619 404	10 097 186	(2 522 218)	10 870 976
Finance and administration	76 146 030	66 777	76 212 807	83 190 195	6 977 388	70 865 210
<b>Community and public safety</b>	<b>21 012 087</b>	<b>3 825 000</b>	<b>24 837 087</b>	<b>21 200 394</b>	<b>(3 636 693)</b>	<b>18 923 341</b>
Sport and recreation	15 391 081	1 125 000	16 516 081	16 312 968	(203 113)	15 842 924
Public safety	5 335 613	2 700 000	8 035 613	4 602 563	(3 433 050)	2 590 665
Health	285 393	-	285 393	284 862	(531)	489 751
<b>Economic and environmental services</b>	<b>84 559 821</b>	<b>3 000 000</b>	<b>87 559 821</b>	<b>96 302 427</b>	<b>8 742 606</b>	<b>84 286 544</b>
Road transport	84 459 821	3 000 000	87 459 821	96 281 627	8 821 806	84 258 684
Environmental protection	100 000	-	100 000	20 800	(79 200)	27 860
<b>Trading services</b>	<b>9 921 491</b>	<b>(6 814 722)</b>	<b>3 106 769</b>	<b>6 534 485</b>	<b>3 427 716</b>	<b>1 069 105</b>
Waste management	9 921 491	(6 814 722)	3 106 769	6 534 485	3 427 716	1 069 105
<b>Total Revenue - Standard</b>	<b>203 514 978</b>	<b>820 910</b>	<b>204 335 888</b>	<b>217 324 688</b>	<b>12 988 800</b>	<b>186 015 176</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>EXPENDITURE</b>						
<b>Governance and administration</b>	<b>48 902 834</b>	<b>(182 333)</b>	<b>48 720 501</b>	<b>47 912 553</b>	<b>(807 948)</b>	<b>44 659 618</b>
Executive and Council	10 617 006	(16 072)	10 600 934	10 599 154	(1 780)	11 357 177
Finance and administration	37 027 182	(159 462)	36 867 720	36 086 079	(781 641)	32 165 814
Internal audit	1 258 646	(6 799)	1 251 847	1 227 320	(24 527)	1 136 628
<b>Community and public safety</b>	<b>56 993 259</b>	<b>2 562 759</b>	<b>59 556 018</b>	<b>60 171 242</b>	<b>615 224</b>	<b>56 693 541</b>
Community and social services	-	-	-	-	-	-
Sport and recreation	15 219 502	2 828 944	18 048 446	18 204 563	156 117	18 584 341
Public safety	27 483 496	(68 342)	27 415 154	28 130 431	715 277	25 707 953
Health	14 290 261	(197 843)	14 092 418	13 836 248	(256 170)	12 401 247
<b>Economic and environmental services</b>	<b>88 730 432</b>	<b>2 080 550</b>	<b>90 810 982</b>	<b>99 514 416</b>	<b>8 703 434</b>	<b>84 421 359</b>
Planning and development	1 654 512	(370 564)	1 283 948	1 222 662	(61 286)	1 085 778
Road transport	84 459 821	2 523 053	86 982 874	95 937 354	8 954 480	81 275 806
Environmental protection	2 616 099	(71 939)	2 544 160	2 354 399	(189 761)	2 059 775
<b>Trading services</b>	<b>7 278 501</b>	<b>(2 462 474)</b>	<b>4 816 027</b>	<b>5 141 756</b>	<b>325 729</b>	<b>2 918 535</b>
Waste management	7 278 501	(2 462 474)	4 816 027	5 141 756	325 729	2 918 535
<b>Total Expenditure - Standard</b>	<b>201 905 026</b>	<b>1 998 502</b>	<b>203 903 528</b>	<b>212 739 967</b>	<b>8 836 439</b>	<b>188 693 052</b>
<b>Surplus/(Deficit) for the year</b>	<b>1 609 952</b>	<b>(1 177 592)</b>	<b>432 360</b>	<b>4 584 720</b>	<b>4 152 360</b>	<b>(2 677 876)</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>REVENUE</b>						
Municipal Manager	13 073 549	743 855	13 817 404	10 480 679	(3 336 725)	11 402 457
Corporate Services	23 530	-	23 530	24 547	1 017	27 691
Finance	76 407 500	2 766 777	79 174 277	84 265 156	5 090 879	70 306 038
Community Services	114 010 399	(2 689 722)	111 320 677	122 554 306	11 233 629	104 278 990
<b>Total Revenue by Vote</b>	<b>203 514 978</b>	<b>820 910</b>	<b>204 335 888</b>	<b>217 324 688</b>	<b>12 988 800</b>	<b>186 015 176</b>
<b>EXPENDITURE</b>						
Municipal Manager	15 404 907	(416 453)	14 988 454	14 167 703	(820 751)	14 915 222
Corporate Services	10 551 240	(685 422)	9 865 818	8 581 169	(1 284 649)	8 291 385
Finance	23 500 569	593 448	24 094 017	25 349 358	1 255 341	22 463 712
Community Services	152 448 310	2 506 929	154 955 239	164 641 737	9 686 498	143 022 734
<b>Total Expenditure by Vote</b>	<b>201 905 026</b>	<b>1 998 502</b>	<b>203 903 528</b>	<b>212 739 967</b>	<b>8 836 439</b>	<b>188 693 052</b>
<b>Surplus/(Deficit) for the year</b>	<b>1 609 952</b>	<b>(1 177 592)</b>	<b>432 360</b>	<b>4 584 720</b>	<b>4 152 360</b>	<b>(2 677 876)</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
<b>REVENUE BY SOURCE</b>						
Service charges	9 921 491	(6 814 722)	3 106 769	2 102 464	(1 004 305)	74 753
Rental of facilities and equipment	11 355 019	-	11 355 019	15 201 012	3 845 993	15 737 164
Interest earned - external investments	1 400 000	-	1 400 000	2 158 752	758 752	2 936 533
Interest earned - outstanding debtors	100	-	100	-	(100)	-
Licences and permits	134 958	-	134 958	122 893	(12 065)	325 881
Agency services	8 813 199	-	8 813 199	9 214 868	401 669	9 388 283
Government Grants and Subsidies - Operating	158 024 106	4 089 427	162 113 533	73 374 602	(88 738 931)	63 400 089
Roads Maintenance Services	-	-	-	93 654 452	93 654 452	81 190 509
Other revenue	9 423 105	-	9 423 105	19 130 326	9 707 221	10 589 270
Gains on disposal of PPE	2 960 000	846 205	3 806 205	882 318	(2 923 887)	1 482 693
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>202 031 978</b>	<b>(1 879 090)</b>	<b>200 152 888</b>	<b>215 841 688</b>	<b>15 688 800</b>	<b>185 125 176</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	105 553 309	(7 545 178)	98 008 131	100 681 893	2 673 762	90 615 883
Remuneration of councillors	6 168 774	156 742	6 325 516	6 264 038	(61 478)	6 141 571
Debt impairment	-	10	10	61 499	61 489	14 720
Depreciation & asset impairment	3 101 298	474 247	3 575 545	4 068 053	492 508	4 652 603
Finance charges	5 625 450	1 047 406	6 672 856	9 081 292	2 408 436	7 999 175
Contracted services	19 698 898	(2 718 644)	16 980 254	16 159 843	(820 411)	14 516 619
Transfers and grants	-	480 000	480 000	360 000	(120 000)	120 000
Other Expenditure and Materials	61 757 297	10 103 919	71 861 216	73 219 096	1 357 880	64 615 479
Loss on disposal of PPE	-	-	-	2 844 254	2 844 254	17 002
<b>Total Expenditure</b>	<b>201 905 026</b>	<b>1 998 502</b>	<b>203 903 528</b>	<b>212 739 967</b>	<b>8 836 439</b>	<b>188 693 052</b>
<b>Surplus/(Deficit)</b>	<b>126 952</b>	<b>(3 877 592)</b>	<b>(3 750 640)</b>	<b>3 101 720</b>	<b>6 852 360</b>	<b>(3 567 876)</b>
Government Grants and Subsidies - Capital	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
<b>Surplus/(Deficit) for the year</b>	<b>1 609 952</b>	<b>(1 177 592)</b>	<b>432 360</b>	<b>4 584 720</b>	<b>4 152 360</b>	<b>(2 677 876)</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Community Services	26 977 041	(4 621 041)	22 356 000	22 316 198	(39 802)	-
<b>Single-year expenditure</b>						
Municipal Manager	72 000	(59 800)	12 200	11 433	(767)	36 304
Corporate Services	278 500	351 320	629 820	302 647	(327 173)	95 225
Finance	310 000	(236 000)	74 000	32 078	(41 922)	778 897
Community Services	5 103 000	3 693 570	8 796 570	14 319 501	5 522 931	4 421 478
<b>Total Capital Expenditure by Vote</b>	<b>32 740 541</b>	<b>(871 951)</b>	<b>31 868 590</b>	<b>36 981 856</b>	<b>5 113 266</b>	<b>5 331 903</b>

#### CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)

<b>Governance and administration</b>	<b>642 500</b>	<b>73 520</b>	<b>716 020</b>	<b>344 506</b>	<b>(371 514)</b>	<b>897 188</b>
Executive and council	18 000	(18 000)	-	-	-	16 213
Finance and administration	606 500	109 320	715 820	342 061	(373 759)	880 974
Internal audit	18 000	(17 800)	200	2 445	2 245	-



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>Community and public safety</b>	<b>5 059 000</b>	<b>3 727 570</b>	<b>8 786 570</b>	<b>3 066 360</b>	<b>(5 720 210)</b>	<b>3 226 941</b>
Sport and recreation	1 175 000	400 000	1 575 000	364 412	(1 210 588)	265 432
Public safety	3 683 000	2 900 000	6 583 000	2 347 045	(4 235 955)	2 895 874
Health	201 000	427 570	628 570	354 903	(273 667)	65 635
<b>Economic and environmental services</b>	<b>62 000</b>	<b>(52 000)</b>	<b>10 000</b>	<b>20 849</b>	<b>10 849</b>	<b>43 372</b>
Road Transport	-	-	-	3 261	3 261	5 609
Planning and development	18 000	(18 000)	-	1 652	1 652	13 238
Environmental protection	44 000	(34 000)	10 000	15 936	5 936	24 525
<b>Trading services</b>	<b>26 977 041</b>	<b>(4 621 041)</b>	<b>22 356 000</b>	<b>33 550 141</b>	<b>11 194 141</b>	<b>1 164 403</b>
Waste management	26 977 041	(4 621 041)	22 356 000	33 550 141	11 194 141	1 164 403
<b>Total Capital Expenditure - Standard</b>	<b>32 740 541</b>	<b>(871 951)</b>	<b>31 868 590</b>	<b>36 981 856</b>	<b>5 113 266</b>	<b>5 331 903</b>

#### CAPITAL EXPENDITURE (FUNDING SOURCES)

Provincial Government	1 483 000	2 700 000	4 183 000	1 483 000	(2 700 000)	890 000
<b>Transfers recognised - capital</b>	<b>1 483 000</b>	<b>2 700 000</b>	<b>4 183 000</b>	<b>1 483 000</b>	<b>(2 700 000)</b>	<b>890 000</b>
Borrowing	26 977 041	(4 621 041)	22 356 000	22 316 198	(39 802)	-
Internally generated funds	4 280 500	1 049 090	5 329 590	13 182 659	7 853 069	4 441 903
<b>Total Capital Funding</b>	<b>32 740 541</b>	<b>(871 951)</b>	<b>31 868 590</b>	<b>36 981 856</b>	<b>5 113 266</b>	<b>5 331 903</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CASH FLOWS

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Service charges	9 921 491	(6 814 722)	3 106 769	2 103 042	(1 003 727)	72 846
Other revenue	29 726 281	750 000	30 476 281	32 361 625	1 885 344	22 497 492
Roads Maintenance Services	-	-	-	87 586 336	87 586 336	86 637 363
Government - operating	158 024 106	1 978 307	160 002 413	74 152 314	(85 850 100)	63 834 218
Government - capital	1 483 000	2 700 000	4 183 000	4 183 000	-	890 000
Interest	1 400 100	-	1 400 100	2 227 718	827 618	2 900 792
<b>Payments</b>						
Suppliers and employees	(191 969 225)	51 298	(191 917 927)	(200 779 350)	(8 861 423)	(166 866 364)
Finance charges	(329 483)	(785 414)	(1 114 897)	(2 209 449)	(1 094 552)	(405 710)
Transfers and Grants	-	(480 000)	(480 000)	(360 000)	120 000	(120 000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>8 256 270</b>	<b>(2 600 531)</b>	<b>5 655 739</b>	<b>(734 764)</b>	<b>(6 390 503)</b>	<b>9 440 638</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of Assets	2 960 000	846 205	3 806 205	1 062 318	(2 743 887)	1 536 693
<b>Payments</b>						
Capital assets	(32 740 541)	871 951	(31 868 590)	(24 571 196)	7 297 394	(5 331 903)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(29 780 541)</b>	<b>1 718 156</b>	<b>(28 062 385)</b>	<b>(23 508 878)</b>	<b>4 553 507</b>	<b>(3 795 210)</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

#### CASH FLOWS

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Loans Raised	26 977 041	1 415 473	28 392 514	28 392 514	-	-
Decrease in Consumer Deposits	-	-	-	(3 660)	(3 660)	-
<b>Payments</b>						
Repayment of borrowing	(2 020 697)	(1 152 958)	(3 173 655)	(2 412 622)	761 033	(1 206 168)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>24 956 344</b>	<b>262 515</b>	<b>25 218 859</b>	<b>25 976 232</b>	<b>757 373</b>	<b>(1 206 168)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>3 432 073</b>	<b>(619 860)</b>	<b>2 812 213</b>	<b>1 732 590</b>	<b>(1 079 622)</b>	<b>4 439 261</b>
Cash/cash equivalents at the year begin:	21 735 191	14 980 195	36 715 385	36 715 385	-	32 276 125
Cash/cash equivalents at the year end:	25 167 263	14 360 334	39 527 598	38 447 976	(1 079 622)	36 715 385

