

# GARDEN ROUTE DISTRICT MUNICIPALITY



## FINANCIAL STATEMENTS

30 JUNE 2019

GARDEN ROUTE DISTRICT MUNICIPALITY

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**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**  
**GENERAL INFORMATION**

**NATURE OF BUSINESS**

Garden Route District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

**COUNTRY OF ORIGIN AND LEGAL FORM**

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

**JURISDICTION**

The Garden Route District Municipality includes the following municipalities:

*Bitou Municipality*  
*George Municipality*  
*Hessequa Municipality*  
*Kannaland Municipality*  
*Knysna Municipality*  
*Mossel Bay Municipality*  
*Oudtshoorn Municipality*

**EXECUTIVE MAYOR**

*Mr. M Booyesen*

**DEPUTY EXECUTIVE MAYOR**

*Ms. RH Ruiters*

**SPEAKER**

*Mr. BHJ Groenewald*

**CHIEF WHIP**

*Mr. RE Spies*

**MEMBERS OF THE EXECUTIVE COMMITTEE**

Executive Mayor	<i>Mr. M Booyesen</i>
Deputy Executive Mayor	<i>Ms. RH Ruiters</i>
Chief Whip	<i>Mr. RE Spies</i>
Executive Councillor	<i>Mr. RE Spies</i>
Executive Councillor	<i>Mr. I Stemela</i>
Executive Councillor	<i>Mr. JJC Lambaatjeen</i>
Executive Councillor	<i>Ms. JP Johnson</i>
Executive Councillor	<i>Mr. KS Lose</i>
Executive Councillor	<i>Ms. E Meyer</i>

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**  
**GENERAL INFORMATION**

**MUNICIPAL MANAGER**

Mr. M.G Stratu

**CHIEF FINANCIAL OFFICER**

Mr. J.V.H de Jager

**REGISTERED OFFICE**

*54 York Street*  
*GEORGE*  
*6529*

**AUDITORS**

*Office of the Auditor General (WC)*

**PRINCIPLE BANKERS**

*Nedbank, George*

**ATTORNEYS**

*Raubenheimers Attorneys*  
*Cilliers Odendaal Attorneys*  
*Millers Attorneys*  
*Regan Brown Attorneys*  
*Schroter Attorneys (Lamont Settlement)*  
*Boer Arries Attorneys*  
*Le Roux Lamprecht Attorneys*  
*Stadler & Swart Attorneys*  
*Rauch Gertenbach Attorneys*  
*AA Solwane Attorneys*  
*Mamatela Attorneys*  
*Mosdell, Pama & Cox Attorneys*

**RELEVANT LEGISLATION**

Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements  
Division of Revenue Act  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Housing Act (Act no 107 of 1997)  
Infrastructure Grants  
Municipal Budget and Reporting Regulations  
Municipal Finance Management Act (Act no 56 of 2003)  
Municipal Planning and Performance Management Regulations  
Municipal Property Rates Act (Act no 6 of 2004)  
Municipal Regulations on Standard Chart of Accounts  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
SALBC Leave Regulations  
Skills Development Levies Act (Act no 9 of 1999)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act (Act no 30 of 1966)  
Value Added Tax Act  
Water Services Act (Act no 108 of 1997)

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**  
**GENERAL INFORMATION**

**MEMBERS OF THE GARDEN ROUTE DISTRICT MUNICIPALITY**

<b>WARD</b>	<b>COUNCILLOR</b>
Proportional	<i>Ms. T Fortuin</i>
Proportional	<i>Mr. S de Vries</i>
Proportional	<i>Ms. NF Kamte</i>
Proportional	<i>Mr. MP Mapitza</i>
Proportional	<i>Ms. D Xego</i>
Proportional	<i>Ms. CN Lichaba</i>
Proportional	<i>Ms. JL Hartrick</i>
Proportional	<i>Ms. S May</i>
Proportional	<i>Mr. RE Spies</i>
Proportional	<i>Mr. M Booysen</i>
Proportional	<i>Mr. KS Lose</i>
Proportional	<i>Mr. D Saayman</i>
Proportional	<i>Mr. BN van Wyk</i>
Proportional	<i>Mr. AJ Rossouw</i>
Representative: George Municipality	<i>Ms. T Teyisi</i>
Representative: George Municipality	<i>Mr. PJ van der Hoven</i>
Representative: George Municipality	<i>Mr. I Stemela</i>
Representative: George Municipality	<i>Ms. EH Stroebe</i>
Representative: George Municipality	<i>Mr. RS Figland</i>
Representative: George Municipality	<i>Mr. V Gericke</i>
Representative: Mossel Bay Municipality	<i>Mr. BHJ Groenewald</i>
Representative: Mossel Bay Municipality	<i>Ms. E Meyer</i>
Representative: Mossel Bay Municipality	<i>Ms. RH Ruiters</i>
Representative: Mossel Bay Municipality	<i>Mr. SS Mbandezi</i>
Representative: Oudtshoorn Municipality	<i>Mr. JJC Lambaatjeen</i>
Representative: Oudtshoorn Municipality	<i>Mr. RR Wildschut</i>
Representative: Oudtshoorn Municipality	<i>Mr. K Windvogel</i>
Representative: Knysna Municipality	<i>Mr. L Tyokolo</i>
Representative: Knysna Municipality	<i>Mr. DMC Pofadder</i>
Representative: Knysna Municipality	<i>Mr. A Tsengwa</i>
Representative: Hessequa Municipality	<i>Ms. T Van Rensburg</i>
Representative: Hessequa Municipality	<i>Mr. IT Mangaliso</i>
Representative: Bitou Municipality	<i>Ms. NC Jacob</i>
Representative: Bitou Municipality	<i>Ms. ASM Windvogel</i>
Representative: Kannaland Municipality	<i>Ms. JP Johnson</i>

## GARDEN ROUTE DISTRICT MUNICIPALITY

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019 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 Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

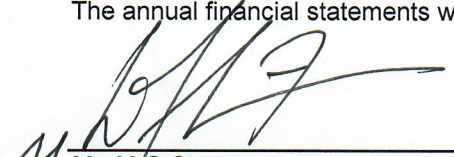
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

The annual financial statements were prepared on the going concern basis.

  
\_\_\_\_\_  
Mr. M.G Stratu  
Accounting Officer

29/11/2019  
\_\_\_\_\_  
Date

**GARDEN ROUTE DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

	Notes	2019 R	2018 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>307 903 003</b>	<b>289 970 725</b>
Property, Plant and Equipment	2	159 923 096	145 428 100
Investment Property	3	86 108 386	85 420 899
Intangible Assets	4	2 138 885	1 362 639
Investments	5	27 445	26 027
Employee Benefits	13	59 705 191	57 733 060
<b>Current Assets</b>		<b>208 240 364</b>	<b>186 175 228</b>
Inventory	7	2 730 766	2 567 785
Receivables from Exchange Transactions	8	23 956 054	16 759 557
Receivables from Non-exchange Transactions	9	100 556	100 556
Operating Lease Asset	6.1	69 950	18 833
Taxes	16	3 278 029	279 131
Current Portion of Non-Current Employee Benefits	12	3 866 923	4 108 443
Cash and Cash Equivalents	10.1	174 238 085	162 340 923
<b>Total Assets</b>		<b>516 143 368</b>	<b>476 145 953</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>144 851 903</b>	<b>137 986 376</b>
Long-term Borrowings	11	28 488	590 799
Non-current Employee Benefits	12	144 823 415	137 395 577
<b>Current Liabilities</b>		<b>75 302 524</b>	<b>56 854 768</b>
Current Employee Benefits	13	37 155 386	32 411 893
Trade and Other Payables from Exchange Transactions	14	30 555 297	15 533 418
Unspent Transfers and Subsidies	15	6 893 628	8 038 509
Operating Lease Liability	6.2	-	13 658
Current Portion of Long-term Borrowings	11	698 214	857 290
<b>Total Liabilities</b>		<b>220 154 428</b>	<b>194 841 144</b>
<b>Net Assets</b>		<b>295 988 940</b>	<b>281 304 809</b>
Capital Replacement Reserve	18	31 325 891	31 704 865
Accumulated Surplus/(Deficit)		264 663 049	249 599 945
<b>Total Net Assets and Liabilities</b>		<b>516 143 368</b>	<b>476 145 953</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 R	2018 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>166 274 058</b>	<b>159 236 939</b>
<b>Transfer Revenue</b>		<b>166 274 058</b>	<b>155 063 318</b>
Government Grants and Subsidies	19	165 934 347	154 142 467
Public Contributions and Donations	20	339 711	920 850
<b>Other Revenue</b>		<b>-</b>	<b>4 173 621</b>
Actuarial Gains	12	-	4 173 621
<b>Revenue from Exchange Transactions</b>		<b>231 906 683</b>	<b>218 529 023</b>
Department of Transport - Roads Service Charges	22	192 323 602	186 720 963
Sales of Goods and Rendering of Services	23	21 572 639	16 227 717
Rent on Land	24	704 013	444 513
Rental of Facilities and Equipment	25	978 020	347 585
Interest Earned - External Investments	26	12 306 263	11 936 951
Interest Earned - Exchange Transactions	27	2 423 660	1 639 116
Licences and Permits	21	484 416	213 594
Operational Revenue	28	1 114 071	998 584
<b>Total Revenue</b>		<b>398 180 740</b>	<b>377 765 961</b>
<b>EXPENDITURE</b>			
Employee related costs	29	(220 799 701)	(204 452 482)
Remuneration of Councillors	30	(11 053 302)	(10 980 692)
Bad Debts Written Off		(3 994 605)	(3 527 609)
Contracted Services	31	(32 674 297)	(26 977 749)
Depreciation and Amortisation	32	(4 033 309)	(3 974 117)
Actuarial Losses	12	(1 508 425)	-
Finance Costs	33	(127 408)	(79 372)
Inventory Consumed	7	(78 190 579)	(73 172 033)
Operating Leases		(541 897)	(975 205)
Transfers and Subsidies	34	(2 355 601)	(2 303 540)
Operational Costs	35	(40 709 893)	(35 573 154)
<b>Total Expenditure</b>		<b>(395 989 018)</b>	<b>(362 015 952)</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>2 191 723</b>	<b>15 750 009</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	7	34 596	(50 064)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	36	(8 560 292)	(7 300 140)
Gains/(Loss) on Sale of Fixed Assets	37	2 188 768	(573 997)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	38	18 829 335	57 050
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>14 684 130</b>	<b>7 882 858</b>



**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

	<b>Capital Replacement Reserve R</b>	<b>Accumulated Surplus/ (Deficit) R</b>	<b>Total R</b>
<b>Balance at 1 July 2017</b>	<b>27 728 374</b>	<b>245 214 177</b>	<b>272 942 550</b>
Correction of Error - note 39	-	479 402	479 402
<b>Restated balance</b>	<b>27 728 374</b>	<b>245 693 579</b>	<b>273 421 952</b>
Net Surplus/(Deficit) for the year	-	7 882 858	7 882 858
Net Surplus/(Deficit) previously reported	-	5 987 172	5 987 172
Effects of Correction of Errors - note 39	-	1 895 686	1 895 686
Transfer to/from CRR	3 976 492	(3 976 492)	-
Property, Plant and Equipment purchased	-	-	-
<b>Balance at 30 June 2018</b>	<b>31 704 866</b>	<b>249 599 945</b>	<b>281 304 810</b>
<b>Restated balance</b>	<b>31 704 866</b>	<b>249 599 945</b>	<b>281 304 810</b>
Net Surplus/(Deficit) for the year	-	14 684 130	14 684 130
Transfer to/from CRR	4 033 309	(4 033 309)	-
Property, Plant and Equipment purchased	(4 412 283)	4 412 283	-
<b>Balance at 30 June 2019</b>	<b>31 325 891</b>	<b>264 663 049</b>	<b>295 988 940</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 R	2018 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts		377 131 557	371 669 097
Other Revenue		198 890 947	205 589 679
Government - Operating		165 934 347	154 142 467
Interest		12 306 263	11 936 951
Cash payments		(363 807 043)	(347 671 254)
Suppliers and Employees		(361 324 034)	(345 288 341)
Finance Charges		(127 408)	(79 372)
Transfers and Grants		(2 355 601)	(2 303 540)
<b>Net Cash from Operating Activities</b>	<b>40</b>	<b>13 324 513</b>	<b>23 997 843</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(4 246 688)	(5 266 062)
Proceeds on Disposal of Fixed Assets		6 334 079	-
Purchase of Intangible Assets		(1 061 328)	(58 362)
Decrease/(Increase) in Non-Current Debtors		(1 730 610)	(499 815)
Decrease/(Increase) in Non-Current Investments		(1 419)	-
<b>Net Cash from Investing Activities</b>		<b>(705 965)</b>	<b>(5 824 239)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowing - Long term/Refinancing		212 074	1 748 942
Repayment of Borrowing		(933 460)	(300 856)
<b>Net Cash from Financing Activities</b>		<b>(721 385)</b>	<b>1 448 086</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>11 897 163</b>	<b>19 621 690</b>
Cash and Cash Equivalents at the beginning of the year		162 340 923	142 719 233
Cash and Cash Equivalents at the end of the year	<b>41</b>	<b>174 238 085</b>	<b>162 340 923</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>11 897 163</b>	<b>19 621 690</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	
	R	R	R	R	R	R	2019 R	%	
<b>ASSETS</b>									
<b>Current Assets</b>									
	Cash	164 926 531	9 376 173	174 302 704	-	-	174 302 704	174 238 085	-0,04%
	Call Investment Deposits	-	-	-	-	-	-	-	0,00%
	Consumer Debtors	-	-	-	-	-	-	-	0,00%
	Other Debtors	8 216 984	7 988 107	16 205 091	-	-	16 205 091	27 404 590	69,11%
	Current Portion of Employee Benefits	3 549 700	-	3 549 700	-	-	3 549 700	3 866 923	8,94%
	Inventory	3 638 980	(1 071 000)	2 567 980	-	-	2 567 980	2 730 766	6,34%
<b>44.2.1</b>	<b>Total Current Assets</b>	<b>180 332 195</b>	<b>16 293 280</b>	<b>196 625 475</b>	<b>-</b>	<b>-</b>	<b>196 625 475</b>	<b>208 240 364</b>	<b>5,91%</b>
<b>Non-Current Assets</b>									
	Employee Benefits	61 508 000	-	61 508 000	-	-	61 508 000	59 705 191	-2,93%
	Investments	26 000	-	26 000	-	-	26 000	27 445	5,56%
	Investment Property	84 677 439	-	84 677 439	-	-	84 677 439	86 108 386	1,69%
	Property, Plant and Equipment	152 178 260	7 561 379	159 739 639	-	-	159 739 639	159 923 096	0,11%
	Intangible Assets	2 717 116	(1 354 000)	1 363 116	-	-	1 363 116	2 138 885	56,91%
<b>44.2.2</b>	<b>Total Non-Current Assets</b>	<b>301 106 815</b>	<b>6 207 379</b>	<b>307 314 194</b>	<b>-</b>	<b>-</b>	<b>307 314 194</b>	<b>307 903 003</b>	<b>0,19%</b>
	<b>TOTAL ASSETS</b>	<b>481 439 010</b>	<b>22 500 659</b>	<b>503 939 669</b>	<b>-</b>	<b>-</b>	<b>503 939 669</b>	<b>516 143 368</b>	<b>2,42%</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
	Bank Overdraft	-	-	-	-	-	-	-	-
	Borrowing	-	857 290	857 290	-	-	857 290	698 214	-18,56%
	Consumer Deposits	-	-	-	-	-	-	-	0,00%
	Trade and Other Payables	46 012 462	25 831 000	71 843 462	-	-	71 843 462	37 448 924	-47,87%
	Provisions	29 692 277	-	29 692 277	-	-	29 692 277	37 155 386	25,13%
<b>44.2.3</b>	<b>Total Current Liabilities</b>	<b>75 704 739</b>	<b>26 688 290</b>	<b>102 393 029</b>	<b>-</b>	<b>-</b>	<b>102 393 029</b>	<b>75 302 524</b>	<b>-26,46%</b>
<b>Non-Current Liabilities</b>									
	Borrowing	-	590 799	590 799	-	-	590 799	28 488	-95,18%
	Provisions	163 152 756	(25 757 000)	137 395 756	-	-	137 395 756	144 823 415	5,41%
<b>44.2.4</b>	<b>Total Non-Current Liabilities</b>	<b>163 152 756</b>	<b>(25 166 201)</b>	<b>137 986 555</b>	<b>-</b>	<b>-</b>	<b>137 986 555</b>	<b>144 851 903</b>	<b>4,98%</b>
	<b>TOTAL LIABILITIES</b>	<b>238 857 495</b>	<b>1 522 089</b>	<b>240 379 584</b>	<b>-</b>	<b>-</b>	<b>240 379 584</b>	<b>220 154 428</b>	<b>-8,41%</b>
<b>NET ASSETS</b>									
	Accumulated Surplus/(Deficit)	218 064 000	17 189 221	235 253 221	-	-	235 253 221	264 663 049	12,50%
	Reserves	24 518 000	3 788 865	28 306 865	-	-	28 306 865	31 325 891	10,67%
<b>44.2.5</b>	<b>TOTAL NET ASSETS</b>	<b>242 582 000</b>	<b>20 978 086</b>	<b>263 560 086</b>	<b>-</b>	<b>-</b>	<b>263 560 086</b>	<b>295 988 940</b>	<b>12,30%</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2019 R	%
<b>REVENUE</b>								
Rental of Facilities and Equipment	2 718 175	1 127 771	3 845 946			3 845 946	1 682 033	-56,26%
Interest Earned - External Investments	15 714 823	0	15 714 824			15 714 824	12 306 263	-21,69%
Interest Earned - Outstanding Debtors	896 605	0	896 605			896 605	2 423 660	170,32%
Licences and Permits	332 522	-	332 522			332 522	484 416	45,68%
Agency Services	19 021 800	2 040 000	21 061 800			21 061 800	17 243 706	-18,13%
Transfers Recognised - Operational	158 885 301	13 550 120	172 435 421			172 435 421	166 274 058	-3,57%
Other Revenue	189 389 910	(5 031 826)	184 358 085			184 358 085	197 766 606	7,27%
Gains on Disposal of PPE	3 156 000	844 000	4 000 000			4 000 000	2 188 768	-45,28%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>390 115 137</b>	<b>12 530 066</b>	<b>402 645 204</b>	<b>-</b>	<b>-</b>	<b>402 645 204</b>	<b>400 369 509</b>	<b>-0,57%</b>
<b>EXPENDITURE</b>								
Employee Related Costs	133 669 447	6 864 593	140 534 040			140 534 040	220 799 701	57,11%
Remuneration of Councillors	11 572 212	360 500	11 932 712			11 932 712	11 053 302	-7,37%
Debt Impairment	1 600 597	(0)	1 600 597			1 600 597	12 554 897	684,39%
Depreciation and Asset Impairment	3 271 549	(100 000)	3 171 550			3 171 550	(14 796 026)	-566,52%
Finance Charges		-				-	127 408	100,00%
Other Materials	185 056	(148 898)	36 158			36 158	-	-100,00%
Contracted Services	60 636 145	(10 281 692)	50 354 453			50 354 453	32 674 297	-35,11%
Other Expenditure	176 902 601	13 871 265	190 773 867			190 773 867	123 271 800	-35,38%
<b>Total Expenditure</b>	<b>387 837 608</b>	<b>10 565 768</b>	<b>398 403 376</b>	<b>-</b>	<b>-</b>	<b>398 403 376</b>	<b>385 685 379</b>	<b>-3,19%</b>
<b>Surplus/(Deficit)</b>	<b>2 277 530</b>	<b>1 964 298</b>	<b>4 241 827</b>	<b>-</b>	<b>-</b>	<b>4 241 827</b>	<b>14 684 130</b>	<b>246,17%</b>
Transfers Recognised - Capital		-				-	-	
Contributions Recognised - Capital		-				-	-	
Contributed Assets		-				-	-	
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>2 277 530</b>	<b>1 964 298</b>	<b>4 241 827</b>	<b>-</b>	<b>-</b>	<b>4 241 827</b>	<b>14 684 130</b>	<b>246,17%</b>
<b>Surplus/(Deficit) for the year</b>	<b>2 277 530</b>	<b>1 964 298</b>	<b>4 241 827</b>	<b>-</b>	<b>-</b>	<b>4 241 827</b>	<b>14 684 130</b>	<b>246,17%</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

Notes	Original Budget  R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)  R	Final Adjustment Budget  R	Shifting of Funds  (i.t.o. s31 of the MFMA)  R	Virement  (i.t.o. Council approved by- law)  R	Final Budget  R	Actual Outcome  2019 R	Actual Outcome as % of Final Budget  %
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Other Revenue	211 462 408	3 032 551	214 494 959	-	-	214 494 959	198 890 947	-7,27%
Government - Operating	158 885 301	13 550 120	172 435 421	-	-	172 435 421	165 934 347	-3,77%
Government - Capital	-	-	-	-	-	-	-	0,00%
Interest	15 714 823	0	15 714 824	-	-	15 714 824	12 306 263	-21,69%
<b>Payments</b>								
Suppliers and Employees	(382 965 461)	(5 886 659)	(388 852 120)	-	-	(388 852 120)	(361 324 034)	-7,08%
Finance costs	-	-	-	-	-	-	(127 408)	-100,00%
Transfers and Grants	-	-	-	-	-	-	(2 355 601)	-100,00%
<b>Net Cash from/(used) Operating Activities</b>	<b>3 097 071</b>	<b>10 696 013</b>	<b>13 793 084</b>	<b>-</b>	<b>-</b>	<b>13 793 084</b>	<b>13 324 513</b>	<b>-3,40%</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	3 156 000	-	3 156 000	-	-	3 156 000	6 334 079	-3,77%
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	(1 730 610)	-100,00%
Decrease/(Increase) in Other Non-Current Receivables	(1 791 000)	-	(1 791 000)	-	-	(1 791 000)	-	100,00%
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	(1 419)	-100,00%
<b>Payments</b>								
Capital Assets	(9 303 379)	(1 320 000)	(10 623 379)	-	-	(10 623 379)	(5 308 015)	-50,03%
<b>Net Cash from/(used) Investing Activities</b>	<b>44.2.8</b> (7 938 379)	(1 320 000)	(9 258 379)	-	-	(9 258 379)	(705 965)	-92,37%
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short Term Loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	212 074	100,00%
Increase/(Decrease) in Consumer Deposits	-	-	-	-	-	-	-	-
<b>Payments</b>								
Repayment of Borrowing	-	-	-	-	-	-	(933 460)	-100,00%
<b>Net Cash from/(used) Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(721 385)</b>	<b>-100,00%</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>								
Cash and Cash Equivalents at the year begin:	(4 841 308)	9 376 013	4 534 704	-	-	4 534 704	11 897 161	162,36%
Cash and Cash Equivalents at the year end:	169 768 000	-	169 768 000	-	-	169 768 000	162 340 923	-4,37%
	164 926 692	9 376 013	174 302 704	-	-	174 302 704	174 238 083	-0,04%

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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#### **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

##### **1.1. BASIS OF PREPARATION**

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) and also 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 – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

##### **1.2. PRESENTATION CURRENCY**

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

##### **1.3. GOING CONCERN ASSUMPTION**

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

##### **1.4. COMPARATIVE INFORMATION**

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

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transacted for periods after 1 July 2018. The result of this process was a reclassification and naming of items in the annual financial statements.

#### **1.5. 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 annual 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.

#### **1.6. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R500,000.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

#### **1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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

<b>REFERENCE</b>	<b>TOPIC</b>	<b>EFFECTIVE DATE</b>
<b>GRAP 20 (Original – Jun 2011)</b>	<p><b><u>Related Party Disclosure</u></b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
<b>GRAP 32 (Original – Aug 2013)</b>	<p><b><u>Service Concession Arrangements: Grantor</u></b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2019
<b>GRAP 34 (Revised – April 2019)</b>	<p><b><u>Separate Financial Statements</u></b></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>GRAP 35 (Revised – April 2019)</b>	<p><b><u>Consolidated Financial Statements</u></b></p> <p>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.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>GRAP 36 (Revised – April 2019)</b>	<p><b><u>Investments in Associates and Joint Ventures</u></b></p> <p>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.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown



**GARDEN ROUTE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

<p><b>GRAP 37</b> <b>(Revised – April 2019)</b></p>	<p><b><u>Joint Arrangements</u></b></p> <p>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)</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
<p><b>GRAP 38</b> <b>(Revised - April 2019)</b></p>	<p><b><u>Disclosure of Interest in Other Entities</u></b></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
<p><b>GRAP 104</b> <b>(Revised – April 2019)</b></p>	<p><b><u>Financial Instruments</u></b></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p>Unknown</p>
<p><b>GRAP 108</b> <b>(Original – Sept 2013)</b></p>	<p><b><u>Statutory Receivables</u></b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	<p>1 April 2019</p>
<p><b>GRAP 109</b></p>	<p><b><u>Accounting by Principles and Agents</u></b></p> <p>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.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p>1 April 2019</p>

**GARDEN ROUTE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

<p><b>GRAP 110</b></p>	<p><b><u>Living and non-living resources</u></b>                      The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>1 April 2020</p>
<p><b>IGRAP 17</b></p>	<p><b><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></b>                      The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
<p><b>IGRAP 18</b></p>	<p><b><u>Recognition and Derecognition of Land</u></b>                      The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>The municipality needs to assess whether there are any changes to binding agreements that may impact its assessment of control.</p>	<p>1 April 2019</p>
<p><b>IGRAP 19</b></p>	<p><b><u>Liabilities to Pay Levies</u></b>                      The 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.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<p>1 April 2019</p>

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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#### **1.8. RESERVES**

##### **1.8.1. Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

#### **1.9. LEASES**

##### **1.9.1. Municipality as Lessee**

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

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

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

##### **1.9.2. Municipality as Lessor**

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

#### **1.10. UNSPENT TRANSFERS AND SUBSIDIES**

Conditional transfers and subsidies are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional transfers and subsidies are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

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

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

#### **1.11. UNPAID CONDITIONAL TRANSFERS AND SUBSIDIES**

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

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

- Unpaid conditional transfers and subsidies are recognised as an asset when the grant is receivable.

#### **1.12. PROVISIONS**

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

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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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.

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.

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

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

#### **1.13. 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.

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

##### **1.13.1. 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 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

#### **1.13.2. Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

#### **1.13.3. Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

#### **1.13.4. Provision for Staff Leave**

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

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full but is limited to a maximum of 48 days. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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Accumulated leave is vesting.

#### **1.13.5. Staff Bonuses Accrued**

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

#### **1.13.6. Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees.

#### **1.13.7. Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which 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 they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **1.13.8. Other Short-term Employee Benefits**

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

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

#### **1.14. BORROWING COSTS**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

#### **1.15. PROPERTY, PLANT AND EQUIPMENT**

##### **1.15.1. Initial Recognition and Measurement**

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



## GARDEN ROUTE DISTRICT MUNICIPALITY

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

cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

#### 1.15.2. Subsequent Measurement – Cost Model

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

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

#### 1.15.3. Depreciation and Impairment

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

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

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads Infrastructure	16 – 36	Computer equipment	2 – 33
		Furniture and Office Equipment	2 - 54

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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<b><u>Community</u></b>		Machinery and Equipment	4 - 36
Resorts	7 – 36	Transport Assets	7 - 37
		Municipal Offices	8 - 102

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

#### **1.15.4. De-recognition**

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

#### **1.15.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

### **1.16. INTANGIBLE ASSETS**

#### **1.16.1. Initial Recognition**

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

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

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

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

Intangible assets are initially recognised at cost.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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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, it's deemed cost is the carrying amount of the asset(s) given up.

**1.16.2. Subsequent Measurement – Cost Model**

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

**1.16.3. Amortisation and Impairment**

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3 - 19

**1.16.4. De-recognition**

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

**1.17. INVESTMENT PROPERTY**

**1.17.1. Initial Recognition**

Investment property is recognised as an asset when, and only when:

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

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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

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

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

#### **1.17.2. Subsequent Measurement – 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.

#### **1.17.3. Depreciation and Impairment – Cost Model**

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

<u>Investment Property</u>	<u>Years</u>
Buildings	11 – 102

#### **1.17.4. De-recognition**

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

### **1.18. HERITAGE ASSETS**

#### **1.18.1. Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

#### **1.18.2. Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

#### **1.18.3. Depreciation and Impairment**

Heritage assets are not depreciated

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

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

#### **1.18.4. De-recognition**

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

### **1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS**

#### **1.19.1. Cash-generating assets**

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

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

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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

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

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

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

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

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

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#### 1.19.2. Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

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

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

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

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

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

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

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

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

#### **1.20. INVENTORIES**

##### **1.20.1. Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the 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. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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



## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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#### **1.20.2. Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

#### **1.21. FINANCIAL INSTRUMENTS**

Financial instruments recognised in the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

##### **1.21.1. Initial Recognition**

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

##### **1.21.2. Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, loans and receivables at cost and loans and receivables at amortised cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

###### **1.21.2.1. Receivables**

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

###### **1.21.2.2. Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost and are initially recognised at fair value and

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.21.2.3. Cash and Cash Equivalents**

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

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

#### **1.21.2.4. Non-Current Investments**

Investments which include fixed deposits invested in registered commercial banks, are stated at cost or amortised cost.

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

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

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

#### **1.21.3. De-recognition of Financial Instruments**

##### **1.21.3.1. Financial Assets**

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

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

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

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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#### **1.21.3.2. Financial Liabilities**

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

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

#### **1.21.4. *Impairment of Financial Assets***

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

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

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

#### **1.21.5. *Offsetting of Financial Instruments***

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

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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#### **1.22. 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 generally arise from non-exchange transactions.

##### **1.22.1. Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

##### **1.22.2. Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

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.

##### **1.22.3. Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

- 
- (i) derecognise the receivable; and
  - (ii) recognise separately any rights and obligations created or retained in the transfer.

#### 1.23. REVENUE

##### 1.23.1. Revenue from Non-Exchange Transactions

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is 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 without any conditions attached are recognised as revenue when the asset is recognised.

Fine Revenue constitutes spot fines. Fine revenue is recognised when the spot fine is issued. In cases where fines are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

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

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

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

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

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

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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- 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.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

#### **1.23.2. 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.

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

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

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

Interest revenue is recognised using the effective interest rate method.

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.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

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

Rental from Holiday Resorts is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality, as well as the Cancellation Policy of the municipality. The Cancellation Policy has the following refund principles:

- Less than 72 hours: 0% refund of the fees paid.
- Less than 14 days: 25% refund of the fees paid.
- Less than 1 month: 50% refund of the fees paid.
- More than 1 month: 90% refund of the fees paid.

Revenue from the sale of goods is recognised when:

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

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

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

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

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

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

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

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

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

#### **1.24. RELATED PARTIES**

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Municipality of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.



## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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

Management personnel include:

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

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

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

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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#### **1.25. 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.

#### **1.26. IRREGULAR EXPENDITURE**

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

#### **1.27. 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.

#### **1.28. 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.

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.

Management judgement is required when recognising and measuring contingent liabilities.

#### **1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

##### **1.29.1. *Post-retirement medical obligations, Long service awards and Ex-gratia gratuities***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 13 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### **1.29.2. Impairment of Receivables**

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

#### **1.29.3. Property, Plant and Equipment**

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

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

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

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

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

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

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

## **GARDEN ROUTE DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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#### **1.29.4. Intangible Assets**

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

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

#### **1.29.5. Provisions and Contingent Liabilities**

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

#### **1.29.6. Revenue Recognition**

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### **1.29.7. 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.

#### **1.29.8. Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year-end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

#### **1.29.9. 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.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**1.30. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.31. CAPITAL COMMITMENTS**

Capital commitments disclosed in the annual 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.

**1.32. EVENTS AFTER REPORTING DATE**

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

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

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

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses							Carrying Value	
	Opening Balance	Class Transfers	Correction of Error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Correction of Error	Depreciation	Impairment	Reversal of Impairment	Disposals		Closing Balance
<b>Infrastructure</b>																	
Roads	104 489		-	-	-	-	-	104 489	48 184		-	4 254	-	-	-	52 438	52 051
	104 489		-	-	-	-	-	104 489	48 184		-	4 254	-	-	-	52 438	52 051
<b>Community Assets</b>																	
Community Facilities																	
Resorts	1 274 115		-	343 010	-	-	-	1 617 125	381 640		-	62 834	-	-	-	444 474	1 172 652
Sport and Recreation Facilities																	
Indoor Facilities	-		-	-	-	-	-	-	-		-	-	-	-	-	-	-
Outdoor Facilities	-		-	-	-	-	-	-	-		-	-	-	-	-	-	-
Capital Spares	-		-	-	-	-	-	-	-		-	-	-	-	-	-	-
	1 274 115		-	343 010	-	-	-	1 617 125	381 640		-	62 834	-	-	-	444 474	1 172 652

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

30 JUNE 2019 (Continue)

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses							Carrying Value	
	Opening Balance	Class Transfers	Correction of Error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Correction of Error	Depreciation	Impairment	Reversal of Impairment	Disposals		Closing Balance
<b>Other Assets</b>																	
Other Land	250 932 938		-	-	-	-	-	250 932 938	157 078 000		-	-	7 554 824	(21 300 266)	-	143 332 558	107 600 379
Operational Buildings																	
Municipal Offices	51 688 555		-	32 943	-	-	-	51 721 498	16 365 855		-	809 589	-	(307 325)	-	16 868 120	34 853 378
Computer Equipment	14 496 976	-	-	2 189 685	-	-	(159 263)	16 527 398	10 217 634		-	932 723	-	-	(134 185)	11 016 173	5 511 226
Furniture and Office Equipment	8 528 846	-	-	447 122	-	-	(167 173)	8 808 796	5 795 755		-	519 749	-	(2 215)	(152 525)	6 160 763	2 648 033
Machinery and Equipment	5 071 877	-	-	600 082	-	-	(115 758)	5 556 201	3 249 327		-	331 757	-	-	(90 948)	3 490 135	2 066 066
Transport Assets	11 362 234	-	-	432 116	-	-	(45 093)	11 749 257	6 369 323		-	476 167	-	-	(44 251)	6 801 239	4 948 019
	342 081 426		-	3 701 949	-	-	(487 287)	345 296 088	199 075 894		-	3 069 985	7 554 824	(21 609 805)	(421 909)	187 668 988	157 627 101
<b>Leases</b>																	
Computer Equipment	1 748 944		-	201 729	-	-	(109 530)	1 841 142	275 157		-	545 339	-	-	(50 646)	769 850	1 071 292
	1 748 944		-	201 729	-	-	(109 530)	1 841 142	275 157		-	545 339	-	-	(50 646)	769 850	1 071 292
<b>Total</b>	345 208 974		-	4 246 688	-	-	(596 817)	348 858 845	199 780 874		-	3 682 412	7 554 824	(21 609 805)	(472 555)	188 935 750	159 923 096

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2.2 30 JUNE 2018

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses							Carrying Value	
	Opening Balance	Class Transfers	Correction of Error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Correction of Error	Depreciation	Impairment	Reversal of Impairment	Disposals		Closing Balance
<b>Infrastructure</b>																	
Roads	104 489		-	-	-	-	-	104 489	43 929	-	-	4 254	-	-	-	48 184	56 306
	104 489		-	-	-	-	-	104 489	43 929	-	-	4 254	-	-	-	48 184	56 306
<b>Community Assets</b>																	
Community Facilities																	
Resorts	1 154 865	-	-	119 250	-	-	-	1 274 115	330 972	-	-	50 668	-	-	-	381 640	892 475
Sport and Recreation Facilities																	
Indoor Facilities	-		-	-	-	-	-	-	-		-	-	-	-	-	-	-
Outdoor Facilities	-		-	-	-	-	-	-	-		-	-	-	-	-	-	-
Capital Spares	-		-	-	-	-	-	-	-		-	-	-	-	-	-	-
	1 154 865		-	119 250	-	-	-	1 274 115	330 972	-	-	50 668	-	-	-	381 640	892 475



GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

30 JUNE 2018 (Continue)

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses							Carrying Value	
	Opening Balance	Class Transfers	Correction of Error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Correction of Error	Depreciation	Impairment	Reversal of Impairment	Disposals		Closing Balance
<b>Other Assets</b>																	
Other Land	250 932 938	-	-	-	-	-	-	250 932 938	157 078 000	-	-	-	-	-	-	157 078 000	93 854 938
Operational Buildings																	
Municipal Offices	51 629 979	-	-	58 576	-	-	-	51 688 555	15 560 538	-	-	805 317	-	-	-	16 365 855	35 322 700
Computer Equipment	15 323 895	-	22 198	678 538	-	-	(1 527 654)	14 496 976	10 427 000	-	3 691	1 091 031	-	-	(1 304 088)	10 217 634	4 279 342
Furniture and Office Equipment	8 299 245	-	52 185	422 115	-	-	(244 698)	8 528 846	5 592 548	-	7 557	446 320	-	(40 210)	(210 459)	5 795 755	2 733 091
Machinery and Equipment	4 130 830	-	23 731	959 302	-	-	(41 986)	5 071 877	3 046 445	-	3 946	234 377	-	(14 592)	(20 851)	3 249 327	1 822 550
Transport Assets	10 485 233	-	-	1 279 338	-	-	(402 338)	11 362 234	6 053 760	-	-	425 093	-	(2 248)	(107 282)	6 369 323	4 992 911
	340 802 119	-	98 114	3 397 869	-	-	(2 216 676)	342 081 426	197 758 292	-	15 194	3 002 137	-	(57 050)	(1 642 680)	199 075 894	143 005 532
<b>Leases</b>																	
Computer Equipment	-	-	-	1 748 944	-	-	-	1 748 944	-	-	-	275 157	-	-	-	275 157	1 473 787
	-	-	-	1 748 944	-	-	-	1 748 944	-	-	-	275 157	-	-	-	275 157	1 473 787
<b>Total</b>	342 061 474	-	98 114	5 266 062	-	-	(2 216 676)	345 208 974	198 133 193	-	15 194	3 332 216	-	(57 050)	(1 642 680)	199 780 874	145 428 100

	2019 R	2018 R
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>2.3 Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Employee related costs	-	-
Other materials	553 747	451 478
Contracted Services	1 824 724	2 576 534
Other Expenditure	71 805	117 780
<b>Total Repairs and Maintenance</b>	<b>2 450 276</b>	<b>3 145 791</b>
<b>2.4 Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R 1,071,292 is secured for leases as set out in Note 11.		
<b>2.5 Third party payments received for losses incurred:</b>		
Payments received (Excluding VAT)	694 006	40 243
Carrying value of assets written off/lost	(124 262)	(326 921)
Surplus/(Deficit)	569 744	(286 678)
<b>2.6 Impairment losses of Property, Plant and Equipment</b>		
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as		
Other	7 554 824	-
<b>Total Impairment Losses</b>	<b>7 554 824</b>	<b>-</b>
<b>2.7 Reversal of Impairment losses of Property, Plant and Equipment</b>		
Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:		
Other	21 609 805	57 050
Total Reversal of Impairment losses	21 609 805	57 050
<b>2.8 Effect of changes in accounting estimates</b>		
<i>The effect of a change in accounting estimate will have on the current period and subsequent periods.</i>		
	<b>2019 R</b>	<b>2020 R</b>
Effect on Property, plant and equipment	631 537	439 921
		<b>2021 R</b>
		(220 387)
<b>2.9 Contractual commitments for acquisition of Property, Plant and Equipment:</b>		
Approved and contracted for:	5 003 527	-
Infrastructure	-	-
Community	-	-
Other	5 003 527	-
<b>Total</b>	<b>5 003 527</b>	<b>-</b>
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	2 255 480	-
Government Grants	2 748 047	-
Own Resources	-	-
District Council Grants	-	-
<b>Total</b>	<b>5 003 527</b>	<b>-</b>

	2019 R	2018 R
<b>3. INVESTMENT PROPERTY</b>		
<b>3.1 Net Carrying amount at 1 July</b>	<b>85 420 899</b>	<b>85 532 766</b>
Cost	173 315 415	173 315 415
Accumulated Depreciation	(2 394 037)	(2 282 170)
Accumulated Impairment Loss	(85 500 479)	(85 500 479)
Additions	-	-
Disposal	(3 975 000)	-
Cost	(4 816 000)	-
Accumulated Depreciation	-	-
Accumulated Impairment Loss	841 000	-
Depreciation for the year	(111 867)	(111 867)
Impairment loss	(14 822 797)	-
Reversal of Impairment loss	19 597 150	-
<b>Net Carrying amount at 30 June</b>	<b>86 108 386</b>	<b>85 420 899</b>
Cost	168 499 415	173 315 415
Accumulated Depreciation	(2 505 904)	(2 394 037)
Accumulated Impairment Loss	(79 885 126)	(85 500 479)
<b>3.2 Revenue from Investment Property</b>		
Revenue derived from the rental of Investment Property	963 347	534 842

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.

#### 4. INTANGIBLE ASSETS

<b>4.1 Net Carrying amount at 1 July</b>	<b>1 362 639</b>	<b>1 819 116</b>
Cost	5 448 934	5 390 572
Accumulated Amortisation	(3 965 900)	(3 451 061)
Accumulated Impairment Loss	(120 395)	(120 395)
Additions	1 061 328	58 362
Amortisation	(239 030)	(514 839)
Disposals	(46 051)	-
Cost	(682 036)	-
Accumulated Amortisation	635 985	-
<b>Net Carrying amount at 30 June</b>	<b>2 138 885</b>	<b>1 362 639</b>
Cost	5 828 225	5 448 934
Accumulated Amortisation	(3 568 945)	(3 965 900)
Accumulated Impairment Loss	(120 395)	(120 395)

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.

#### 5. INVESTMENTS

<b>Unlisted</b>	27 445	26 027
KKLK shares and Loan Account	27 445	26 027
<b>Total Investments</b>	<b>27 445</b>	<b>26 027</b>

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

Unlisted investments comprise of the following. Valuations of investments supplied by council are:

KKLK shares	27 445	26 027
	27 445	26 027

	2019 R	2018 R
<b>6. OPERATING LEASE ARRANGEMENTS</b>		
<b>6.1 The Municipality as Lessor</b>		
Operating Lease Asset	69 950	18 833
<b>Reconciliation</b>		
Balance at the beginning of the year	18 833	32 445
Movement during the year	51 117	(13 612)
Balance at the end of the year	<b>69 950</b>	<b>18 833</b>
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	363 135	18 833
1 to 5 Years	580 566	-
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	<b>943 701</b>	<b>18 833</b>
<b>6.2 The Municipality as Lessee</b>		
Operating Lease Liability	-	13 657
<b>Reconciliation</b>		
Balance at the beginning of the year	13 657	-
Movement during the year	(13 657)	13 657
Balance at the end of the year	-	<b>13 657</b>
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	-	13 657
1 to 5 Years	-	-
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	-	<b>13 657</b>
<b>7. INVENTORY</b>		
Consumables	2 730 766	2 567 785
<b>Total Inventory</b>	<b>2 730 766</b>	<b>2 567 785</b>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
	2019 R	2018 R
<b>7.1 Inventories recognised as an expense during the year:</b>		
Roads Function - Consumables	75 328 510	71 965 273
Consumables	2 651 249	1 005 884
Materials and Supplies	210 820	200 876
<b>Total</b>	<b>78 190 579</b>	<b>73 172 033</b>
Roads Function inventory is classified as consumables as this inventory is consumed in the performance of the service of maintaining the provincial roads on behalf of the Department of Transport. The roads are not the asset of the Garden Route District Municipality.		
<b>7.2 Inventory surpluses / (written down due to losses) as identified during the annual stores counts:</b>		
Consumables	34 596	(50 064)
Materials and Supplies	-	-
<b>Total</b>	<b>34 596</b>	<b>(50 064)</b>
No inventories were pledged as security for liabilities.		

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>8. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Property Rentals	2 085 198	1 669 235
Ambulance and Fire Fighting Fees	28 188 847	18 349 695
Other Arrears	5 673 138	4 380 416
Balance previously reported		3 720 411
Correction of error - interest recognised in the incorrect financial period - Note 39.3		660 005
Government subsidies: Department of Transport - Roads	12 142 238	10 953 897
Roads - Other Arrears	224 518	1 337 278
Prepayments and Advances	5 003 527	-
PPE	5 003 527	-
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>53 317 466</b>	<b>36 690 521</b>
<b>Less:</b> Provision for Debt Impairment	<b>(29 361 411)</b>	<b>(19 930 964)</b>
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>23 956 054</b>	<b>16 759 557</b>
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.		
The fair value of receivables approximate their carrying value.		
<b><u>Property Rentals: Ageing</u></b>		
Current (0 - 30 days)	266 043	129 985
31 - 60 Days	56 178	176 695
61 - 90 Days	53 111	47 475
+ 90 Days	1 709 866	1 315 066
<b>Total</b>	<b>2 085 198</b>	<b>1 669 222</b>
<b><u>Ambulance and Fire Fighting Fees: Ageing</u></b>		
Current (0 - 30 days)	501 048	1 194 937
31 - 60 Days	492 937	812 191
61 - 90 Days	375 801	1 267 184
+ 90 Days	26 819 061	15 075 382
<b>Total</b>	<b>28 188 847</b>	<b>18 349 695</b>
<b><u>Other Arrears: Ageing</u></b>		
Current (0 - 30 days)	1 533 993	1 057 799
31 - 60 Days	143 213	193 867
61 - 90 Days	346 731	78 918
+ 90 Days	3 649 201	3 049 832
<b>Total</b>	<b>5 673 138</b>	<b>4 380 416</b>
<b><u>(Total): Ageing</u></b>		
Current (0 - 30 days)	2 301 084	2 382 722
31 - 60 Days	692 328	1 182 753
61 - 90 Days	775 642	1 393 578
+ 90 Days	32 178 129	19 440 280
<b>Total</b>	<b>35 947 183</b>	<b>24 399 333</b>
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
<b><u>Garden Route District Municipality</u></b>		
Balance at beginning of year	19 703 621	11 304 849
Contribution to provision	8 560 292	7 072 798
VAT on provision	1 097 498	1 325 975
Balance at end of year	<b>29 361 411</b>	<b>19 703 621</b>
<b><u>Roads Function</u></b>		
Balance at beginning of year	-	-
Contribution to provision	-	227 342
Balance at end of year	-	<b>227 342</b>
<b>Total Balance at end of year</b>	<b>29 361 411</b>	<b>19 930 964</b>

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>8.</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>	<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>
	<u>Ageing of amounts past due but not impaired:</u>		
	1 month past due	130 409	134 812
	2+ months past due	3 629 949	1 146 150
		<b>3 760 357</b>	<b>1 280 962</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

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

<b>9.</b>	<b>RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	Insurance Claims	100 556	100 556
		100 556	100 556
	<u>Less:</u> Provision for Debt Impairment	-	-
	<b>Total Receivables from non-exchange transactions</b>	<b>100 556</b>	<b>100 556</b>

The fair value of other receivables approximate their carrying value.

<b>10.</b>	<b>BANK ACCOUNTS</b>		
	<b>10.1 Cash and Cash Equivalents</b>		
	Current Accounts	145 935 030	129 397 430
	Balance previously reported		129 440 177
	Correction of Roads Auction monies incorrectly included in bank - Note 39.2		(42 748)
	Roads - Bank Account	28 287 172	32 429 004
	Call Deposits and Investments	-	498 607
	Cash On-hand	15 883	15 883
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>174 238 085</b>	<b>162 340 923</b>

<b>10.2</b>	<b>Short-term Investments</b>		
	Call Deposits		
	<b>Total Short-term Investments</b>	-	-

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value. The municipality followed a formal tender process and Nedbank was awarded the tender. The previous bankers of Garden Route District Municipality was Standard Bank.

Included in other deposits and bank balances are an amount of 2019: R6,893,628 (2018: R8,038,509) which is attributable to unspent grants and subsidies; and 2019: R31,325,891 (2018: R31,704,866) which is attributable to the Capital Replacement Reserve.

The municipality has the following bank accounts:

	<u>Current Accounts</u>		
	Nedbank Limited - Account Number 1186616261 (Primary Current Account):	97 597 437	-
	Nedbank Limited - Account Number 1153066203 (Secondary Current Account):	27 936 080	-
	Standard Bank Limited - Account Number 06 083 263 000 0 (Previous Primary Bank Account):	48 321 838	129 440 177
	Standard Bank Limited - Account Number 06 083 283 500 0 (Previous Roads Account):	299 491	32 428 004
		<b>174 154 846</b>	<b>161 868 181</b>
	<u>Call Deposits and Investments</u>		
	ABSA Bank Limited - Account Number 91 8226 2703 (Cash Account):	-	9 247
	Standard Bank Limited - Account Number 401719790 (Cash Account):	-	337 925
	Standard Bank Limited - Account Number 48872744847 (Cash Account):	-	151 435
		-	<b>498 607</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10. BANK ACCOUNTS (CONTINUED)	2019 R	2018 R			
Details of current accounts are as follow:					
<b>Nedbank Limited - Account Number 1186616261 (Primary Current Account):</b>					
Cash book balance at beginning of year	-	-			
Cash book balance at end of year	97 597 437	-			
Bank statement balance at beginning of year	-	-			
Bank statement balance at end of year	97 597 437	-			
<b>Nedbank Limited - Account Number 1153066203 (Secondary Current Account)</b>					
Cash book balance at beginning of year	-	-			
Cash book balance at end of year	27 936 080	-			
Bank statement balance at beginning of year	-	-			
Bank statement balance at end of year	27 936 080	-			
<b>Standard Bank Limited - Account Number 06 083 263 000 0 (Previous Primary Bank Account):</b>					
Cash book balance at beginning of year	129 440 177	137 670 300			
Cash book balance at end of year	48 321 838	129 440 177			
Bank statement balance at beginning of year	129 445 527	137 590 406			
Bank statement balance at end of year	48 321 838	129 445 527			
<b>Standard Bank Limited - Account Number 06 083 283 500 0 (Previous Roads Account):</b>					
Cash book balance at beginning of year	32 428 004	3 898 308			
Cash book balance at end of year	299 491	32 428 004			
Bank statement balance at beginning of year	32 263 342	3 711 227			
Bank statement balance at end of year	299 491	32 263 342			
Details of call investment accounts are as follow:					
<b>ABSA Bank Limited - Account Number 91 8226 2703 (Cash Account):</b>					
Cash book balance at beginning of year	9 247	8 882			
Cash book balance at end of year	-	9 247			
Bank statement balance at beginning of year	9 247	8 882			
Bank statement balance at end of year	-	9 247			
<b>Standard Bank Limited - Account Number 48872744847 (Cash Account):</b>					
Cash book balance at beginning of year	151 435	141 749			
Cash book balance at end of year	-	151 435			
Bank statement balance at beginning of year	151 435	141 749			
Bank statement balance at end of year	-	151 435			
<b>Standard Bank Limited - Account Number 401719790 (Cash Account):</b>					
Cash book balance at beginning of year	984 111	984 111			
Cash book balance at end of year	-	337 925			
Bank statement balance at beginning of year	984 111	984 111			
Bank statement balance at end of year	-	337 925			
11. LONG-TERM BORROWINGS					
Capitalised Lease Liability - At amortised cost	726 702	1 448 088			
	<b>726 702</b>	<b>1 448 088</b>			
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>698 214</b>	<b>857 290</b>			
Capitalised Lease Liability - At amortised cost	698 214	857 290			
<b>Total Long-term Borrowings</b>	<b>28 488</b>	<b>590 798</b>			
The obligations under finance leases are scheduled below:					
	2019 R	Minimum payments 2018 R			
Amounts payable under finance leases:					
Payable within one year	729 307	965 467			
Payable within two to five years	29 335	613 201			
Payable after five years	-	-			
	758 641	1 578 668			
<b>Less:</b> Future finance obligations	(31 939)	(130 580)			
<b>Present value of finance lease obligations</b>	<b>726 702</b>	<b>1 448 088</b>			
The capitalised lease liability consist out of the following contracts:					
<b>Supplier</b>	<b>Description of leased item</b>	<b>Effective Interest rate</b>	<b>Annual Escalation</b>	<b>Lease Term</b>	<b>Maturity Date</b>
Telkom	Mobile Communication Devices	Prima rate	None	24 Months	2020/06/14

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

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>12. NON-CURRENT EMPLOYEE BENEFITS</b>		
Provision for Post Retirement Health Care Benefits	81 558 740	76 304 093
Roads - Provision for Post Retirement Health Care Benefits	57 004 161	55 105 327
Provision for Ex-Gratia Pension Benefits	132 414	122 168
Roads - Provision for Ex-Gratia Pension Benefits	436 234	414 764
Provision for Long Service Awards	9 079 043	8 351 859
Roads - Provision for Long Service Awards	6 131 718	6 321 412
<b>Total Non-current Employee Benefits</b>	<b>154 342 310</b>	<b>146 619 623</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 13	<b>(9 518 895)</b>	<b>(9 224 046)</b>
	<b>144 823 415</b>	<b>137 395 577</b>
<b>Employee Benefits - Receivables (Note 12.5)</b>		
Included in the above provision for Employee Benefits are the following amounts receivable from the Department of Transport with regards to employee benefits:		
Roads - Provision for Post Employment Health Care Benefits (Note 12.5)	57 004 161	55 105 327
Roads - Provision for Ex-Gratia Pension Benefits (Note 12.5)	436 234	414 764
Roads - Provision for Long Service Leave Awards (Note 12.5)	6 131 718	6 321 412
	63 572 113	61 841 503
<b>Less:</b> Short Term Portion Transferred to Current Employee Benefits Receivable (Note 12.5)	<b>(3 866 922)</b>	<b>(4 108 443)</b>
	<b>59 705 191</b>	<b>57 733 060</b>
<b>Post Retirement Health Care Benefits</b>		
Balance 1 July	131 409 420	131 612 674
Contribution for the year	14 891 090	15 088 400
Expenditure for the year	(6 957 208)	(6 826 916)
Actuarial Loss/(Gain)	(780 401)	(8 464 738)
<b>Total provision 30 June</b>	<b>138 562 901</b>	<b>131 409 420</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 13	<b>(7 446 411)</b>	<b>(6 957 208)</b>
<b>Balance 30 June</b>	<b>131 116 490</b>	<b>124 452 212</b>
<b>Ex-Gratia Pensions</b>		
Balance 1 July	536 932	632 904
Contribution for the year	37 920	44 048
Expenditure for the year	(119 772)	(138 283)
Actuarial Loss/(Gain)	113 588	(1 737)
<b>Total provision 30 June</b>	<b>568 648</b>	<b>536 932</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 13	<b>(120 072)</b>	<b>(119 772)</b>
<b>Balance 30 June</b>	<b>448 576</b>	<b>417 160</b>



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b><u>Long Service Awards</u></b>		
Balance 1 July	14 673 271	13 390 147
Contribution for the year	2 054 934	1 871 284
Expenditure for the year	(2 147 066)	(1 730 825)
Actuarial Loss/(Gain)	629 622	1 142 665
<b>Total provision 30 June</b>	<b>15 210 761</b>	<b>14 673 271</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 13	<b>(1 952 412)</b>	<b>(2 147 066)</b>
<b>Balance 30 June</b>	<b>13 258 349</b>	<b>12 526 205</b>

**12.1 Provision for Post Retirement Health Care Benefits**

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

In-service (employee) members	240	262
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	160	160
<b>Total Members</b>	<b>400</b>	<b>422</b>

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

In-service members	26 049 806	25 022 841
Roads - In-service members	22 706 924	26 054 520
Continuation members	55 508 934	50 249 573
Roads - Continuation members	34 297 237	30 082 486
<b>Total Liability</b>	<b>138 562 901</b>	<b>131 409 420</b>

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

	2017 R	2016 R	2015 R
In-service members	23 575 497	24 562 583	27 765 009
Roads - In-service members	24 784 249	25 619 998	25 100 227
In-service non-members			
Continuation members	52 907 829	51 101 895	42 809 857
Roads - Continuation members	30 345 101	29 695 204	26 575 338
<b>Total Liability</b>	<b>131 612 676</b>	<b>130 979 680</b>	<b>122 250 431</b>

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

Bonitas  
Hosmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R2 504 440, whereas the Interest Cost for the next year is estimated to be R12 480 288.

Key actuarial assumptions used:	2019 %	2018 %
<b>i) Rate of interest</b>		
Discount rate	9,25%	9,48%
Health Care Cost Inflation Rate	6,74%	7,30%
Net Effective Discount Rate	2,35%	2,03%

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age with a 1% mortality improvement p.a. from 2010 was used by the actuaries.

**iii) Normal retirement age**

The normal retirement age for employees of the municipality is 65 years. It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of ill-health, early and late retirement.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

iv) Expected rate of salary increases

2018/2019 - increase of seven percent (7%)

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

	2019 R	2018 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	81 558 740	75 272 414
Roads Function - Present value of fund obligations	57 004 161	56 137 006
<b>Net liability/(asset)</b>	<b>138 562 901</b>	<b>131 409 420</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	131 409 420	131 612 674
Total expenses	7 933 882	8 261 484
Current service cost	2 755 783	2 880 039
Interest Cost	12 135 307	12 208 361
Benefits Paid	(6 957 208)	(6 826 916)
Actuarial (gains)/losses	(780 401)	(8 464 738)
Present value of fund obligation at the end of the year	<u>138 562 901</u>	<u>131 409 420</u>

**Sensitivity Analysis on the Accrued Liability on 30 June 2019**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	48,757	89,806	138,563

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	59,074	99,326	158,400	14,00%
Health care inflation	-1%	40,657	81,716	122,373	-12,00%
Post-retirement mortality	-1 year	50,083	93,108	143,191	3,00%
Average retirement age	-1 year	52,179	89,806	141,985	2,00%
Continuation of membership at retirement	-10%	42,962	89,806	132,768	-4,00%

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019**

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	2 755 800	12 135 300	14 891 100

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	3 406 800	13 858 900	17 265 700	16,00%
Health care inflation	-1%	2 248 500	10 715 000	12 963 500	-13,00%
Post-retirement mortality	-1 year	2 835 100	12 566 900	15 402 000	3,00%
Average retirement age	-1 year	2 846 600	12 498 100	15 344 700	3,00%
Continuation of membership at retirement	-10%	2 468 400	11 621 200	14 089 600	-5,00%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0,074	(0,526)

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Liabilities: (Gain) / loss	7,037	1,839	6,173
Assets: Gain / (loss)			

**12.2 Provision for Ex-Gratia Pension Benefits**

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 10 former employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 37 053.

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
Key actuarial assumptions used:	<b>%</b>	<b>%</b>
<b>i) Rate of interest</b>		
Discount rate	7,27%	7,93%
General Salary Inflation (long-term)	2,04%	2,38%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	5,13%	5,43%

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

**ii) Actuarial Valuation Method**

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

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations - Garden Route	132 414	122 168
Present value of fund obligations - Roads	436 234	414 764
<b>Net liability/(asset)</b>	<b>568 648</b>	<b>536 932</b>

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	536 932	632 904
Total expenses	(81 852)	(94 235)
Interest Cost	37 920	44 048
Benefits Paid	(119 772)	(138 283)
Actuarial (gains)/losses	113 568	(1 737)
Present value of fund obligation at the end of the year	<b>568 648</b>	<b>536 932</b>

**Sensitivity Analysis on the Unfunded Accrued Liability**

<b>Assumption</b>	<b>Change</b>	<b>Liability (R)</b>	<b>% change</b>
Central assumptions		568 648	
Pension Increase rate	+1%	592 813	4%
Pension Increase rate	-1%	546 120	-4%
Discount Rate	+1%	547 375	-4%
Discount Rate	-1%	591 816	4%
Post-retirement mortality	- 1 yr	597 185	5%

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	60 431	-420

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Liabilities: (Gain) / loss	-37 795	-120 652	-153 581

		<b>2019</b>	<b>2018</b>
<b>12.3 Provision for Long Service Bonuses</b>		<b>R</b>	<b>R</b>
<p>The Long Service Bonus plans are defined benefit plans. As at year end, 549 employees were eligible for Long Service Bonuses.</p> <p>The Current-service Cost for the ensuing year is estimated to be R1 173 332 whereas the Interest Cost for the next year is estimated to be R1 154 538.</p>			
Key actuarial assumptions used:			
		<b>2019</b>	<b>2018</b>
		<b>%</b>	<b>%</b>
<b>i) Rate of interest</b>			
Discount rate		8,10%	8,49%
General Salary Inflation (long-term)		5,53%	6,12%
Net Effective Discount Rate applied to salary-related Long Service Bonuses		2,44%	2,23%
		<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>			
Present value of fund obligations - Garden Route		9 079 043	8 351 859
Present value of fund obligations - Roads		6 131 718	6 321 412
<b>Net liability/(asset)</b>		<b>15 210 761</b>	<b>14 673 271</b>
<b>Reconciliation of present value of fund obligation:</b>			
Present value of fund obligation at the beginning of the year		14 673 271	13 390 147
Total expenses		(92 132)	140 459
Current service cost		898 460	821 215
Interest Cost		1 156 474	1 050 069
Benefits Paid		(2 147 066)	(1 730 825)
Actuarial (gains)/losses		629 622	1 142 665
Present value of fund obligation at the end of the year		<b>15 210 761</b>	<b>14 673 271</b>
		<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>
<b>Sensitivity Analysis on the Accrued Liability on 30 June 2019</b>			
	<b>Change</b>	<b>Liability (Rm)</b>	<b>% change</b>
<b>Assumption</b>			
Central assumptions		15,211	
General salary inflation	1%	16,256	7%
General salary inflation	-1%	14,273	-6%
Average retirement age	-2 yrs	13,897	-9%
Average retirement age	2 yrs	17,139	13%
Withdrawal rates	-50%	17,252	13%
<b>Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019</b>			
	<b>Current</b>		
	<b>Service Cost</b>		
	<b>(R)</b>	<b>Interest Cost (R)</b>	<b>Total (R)</b>
<b>Assumption</b>			
Central Assumptions	898 500	1 156 500	2 055 000
The effect of movements in the assumptions are as follows:			
	<b>Change</b>	<b>Current</b>	
		<b>Service Cost</b>	
		<b>(R)</b>	<b>Interest Cost (R)</b>
			<b>Total (R)</b>
			<b>% change</b>
<b>Assumption</b>			
General Earnings inflation	1%	971 700	1 240 300
General Earnings inflation	-1%	833 000	1 081 000
Discount rate	1%	837 800	1 206 600
Discount rate	-1%	967 500	1 096 900
Average retirement age	-2 yrs	804 200	1 048 300
Average retirement age	-2 yrs	995 000	1 317 300
Withdrawal Rate	-50%	1 164 600	1 353 200
			2 212 000
			1 914 000
			2 044 400
			2 064 400
			1 852 500
			2 312 300
			2 517 800
			8%
			-7%
			-1%
			0%
			-10%
			13%
			23%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	82,502	1 325,309
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2017 R	2016 R
Liabilities: (Gain) / loss	864 660	528 031
	2019 R	2018 R

**12.4 Retirement funds**

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

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

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund 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.

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 103,7% (30 June 2016 - 102,6%).

	2019 R	2018 R
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**CAPE JOINT RETIREMENT FUND**

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100,3% (30 June 2016 - 100,5%).

**DEFINED CONTRIBUTION FUNDS**

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

**12.5 Employee Benefits Receivable**

Department of Transport: Roads - Post Employment Health Care Benefits (Note 12.1) - At amortised cost	57 004 161	55 105 327
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 12.2) - At amortised cost	436 234	414 764
Department of Transport: Roads - Long Service Awards (Note 12.3) - At amortised cost	6 131 718	6 321 412
	<hr/>	<hr/>
<b>Less:</b> Current portion transferred to current employee benefits receivable	63 572 113	61 841 503
	3 866 922	4 108 443
Department of Transport: Roads - Post Employment Health Care Benefits (Note 12.1) - At amortised cost	3 126 306	2 897 594
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 12.2) - At amortised cost	94 176	94 668
Department of Transport: Roads - Long Service Awards (Note 12.3) - At amortised cost	646 440	1 116 181
	<hr/>	<hr/>
<b>Total</b>	<b>59 705 191</b>	<b>57 733 060</b>

**DEPARTMENT OF TRANSPORT: ROADS**

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 practice, 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.

A technical query has been lodged with the Office of the Auditor General, National Treasury and Provincial Treasury with regards to the ownership of the post employment benefits of the Roads' Agency Function.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>13. CURRENT EMPLOYEE BENEFITS</b>		
Performance Bonuses	932 780	432 599
Staff Bonuses	3 601 878	3 207 620
Roads - Staff Bonuses	2 486 699	2 265 123
Staff Leave	13 566 382	10 425 847
Roads - Staff Leave	7 048 752	6 856 658
Current Portion of Non-Current Provisions	9 518 895	9 224 046
Current Portion of Post Retirement Benefits - Note 12	7 446 411	6 957 208
Current Portion of Ex-Gratia Pension Provisions - Note 12	120 072	119 772
Current Portion of Long-Service Provisions - Note 12	1 952 412	2 147 066
<b>Total Provisions</b>	<b>37 155 386</b>	<b>32 411 893</b>
The movement in current provisions are reconciled as follows:		
<b>13.1 Performance Bonuses</b>		
Balance at beginning of year	432 599	478 536
Overprovision previous year	-	(319 387)
Contribution to current portion	1 202 878	432 599
Expenditure incurred	(702 697)	(159 148)
Balance at end of year	<b>932 780</b>	<b>432 599</b>
Performance bonuses are being paid to the Municipal Manager and Five Section 57 Executive Managers, who were appointed on contract for part of the year, before being permanently appointed (Municipal Manager is appointed on a 5 year Contract) after an evaluation of performance by the council.		
<b>13.2 Staff Bonuses</b>		
Balance at beginning of year	3 207 620	2 844 303
Contribution to current portion	6 004 290	5 305 225
Expenditure incurred	(5 610 032)	(4 941 908)
Balance at end of year	<b>3 601 879</b>	<b>3 207 620</b>
Bonuses are being paid to all municipal staff, excluding section 57 employees. 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.		
<b>13.3 Roads - Staff Bonuses</b>		
Balance at beginning of year	2 265 123	2 003 271
Contribution to current portion	3 972 131	3 752 550
Expenditure incurred	(3 750 555)	(3 490 698)
Balance at end of year	<b>2 486 699</b>	<b>2 265 123</b>
Bonuses are being paid to all municipal staff. 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.		

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>13.4 <u>Staff Leave</u></b>		
Balance at beginning of year	10 425 847	7 810 365
Contribution to current portion	3 992 486	3 921 776
Expenditure incurred	(851 952)	(1 306 294)
Balance at end of year	<u>13 566 382</u>	<u>10 425 847</u>

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

<b>13.5 <u>Roads - Staff Leave</u></b>		
Balance at beginning of year	6 856 658	4 256 217
Contribution to current portion	705 123	2 756 625
Expenditure incurred	(513 029)	(156 184)
Balance at end of year	<u>7 048 752</u>	<u>6 856 658</u>

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

**14. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	12 811 312	3 593 926
Balance previously reported		3 359 262
Correction of Creditor Provision - Note 39.3		234 664
Advance Payments	1 051 686	1 159 066
Balance previously reported		2 725 260
Correction of Camping Fee Deposits - Note 39.3		(1 566 194)
Control, Clearing and Interface Accounts	715 527	334 434
Other Payables	5 958 077	4 655 873
Roads - Payment Received in Advance	-	960 841
Roads - Provision for Leave days paid	208 651	208 651
Roads - Other creditors	9 810 044	4 620 628
<b>Total Trade Payables</b>	<u>30 555 297</u>	<u>15 533 418</u>

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

**15. UNSPENT TRANSFERS AND SUBSIDIES**

Unspent Transfers and Subsidies	6 893 628	8 038 509
National Government Grants	218 370	6 373 120
Balance previously reported		6 754 408
Correction of Unspent RBIG - Note 39.4		(381 288)
Provincial Government Grants	6 382 753	1 180 240
Other Sources	292 505	485 149
<b>Less: Unpaid Transfers and Subsidies</b>	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
<b>Total Unspent Transfers and Subsidies</b>	<u>6 893 628</u>	<u>8 038 509</u>

See Appendix "B" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>16 TAXES</b>		
16.1 VAT Payable		
VAT Output in Suspense	-	-
<u>Less:</u> Contribution to Provision for Doubtful Debt Impairment		
<b>Total VAT Payable</b>	<u>-</u>	<u>-</u>
16.2 VAT Receivable	3 278 029	279 131
Balance previously reported		317 038
Correction of incorrect VAT treatment on insurance premium - Note 39.1		(65 497)
Correction of VAT on Roads Auction Monies - Note 39.1		5 250
Correction of 2017-18 Creditor Provision - Note 39.1		22 340
VAT Input in Suspense		
<b>Total VAT Receivable</b>	<u>3 278 029</u>	<u>279 131</u>
<b>16.3 Net VAT (Payable)/Receivable</b>	<u>3 278 029</u>	<u>279 131</u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**17 SHORT-TERM BORROWINGS**

The Municipality has no short term borrowings.

	2019 R	2018 R
<b>18 NET ASSET RESERVES</b>		
RESERVES		
Capital Replacement Reserve	31 325 892	31 704 865
<b>Total Net Asset Reserve and Liabilities</b>	<u>31 325 892</u>	<u>31 704 865</u>

18.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

**19 GOVERNMENT GRANTS AND SUBSIDIES**

	2019 R	2018 R
Government Grants and Subsidies - Operating	165 934 347	154 142 467
Equitable Share	151 237 120	146 055 000
Energy Efficiency and Demand Side Management	-	12 880
Expanded Public Works Programme Integrated Grant	1 021 000	1 280 000
Rural Road Asset Management Systems Grant	2 206 630	2 944 419
Local Government Financial Management Grant	1 000 000	1 250 001
Municipal Disaster Grant	7 902 712	614 000
Greenest Municipality Competition	-	130 000
Integrated Transport Planning	1 209 513	-
LGESTA:Re-imbursments	77 322	638 194
Financial Management Support	1 280 051	620 000
Fire Services Capacity Building Grant	-	597 973
<b>Total Government Grants and Subsidies</b>	<u>165 934 347</u>	<u>154 142 467</u>

Included in above are the following grants and subsidies received:

	2019 R	2018 R
<b>Unconditional</b>	151 237 120	146 185 000
Equitable Share	151 237 120	146 055 000
Greenest Municipality Competition	-	130 000
<b>Conditional</b>	20 343 390	14 415 438
Local Government Financial Management Grant	1 000 000	1 250 000
Energy Efficiency and Demand Side Management	-	5 000 000
Expanded Public Works Programme Integrated Grant	1 021 000	1 280 000
Rural Road Asset Management Systems Grant	2 425 000	2 420 000
Municipal Disaster Grant	10 000 000	2 000 000
Integrated Transport Planning	900 000	900 000
Financial Management Support	2 090 000	620 000
Fire Services Capacity Building Grant	1 483 000	800 000
Safety Plan Implementation - (WOSA)	1 200 000	-
LGESTA:Re-imbursments	224 390	145 438
<b>Total Government Grants and Subsidies</b>	<u>171 580 510</u>	<u>160 600 438</u>



GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Executive and council	165 857 025	152 890 273
Finance and administration	77 322	638 194
Planning and development	-	614 000
<b>Total Government Grants and Subsidies</b>	<b>165 934 347</b>	<b>154 142 467</b>
Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.		
<b>19.1</b>	<b><u>Equitable Share</u></b>	
Opening balance	-	-
Grants received	151 237 120	146 055 000
Conditions met - Operating	(151 237 120)	(146 055 000)
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>19.2</b>	<b><u>Local Government Financial Management Grant</u></b>	
Opening balance	(1)	-
Grants received	1 000 000	1 250 000
VAT on Grants	-	(76 050)
Conditions met - Operating	(1 000 000)	(1 173 951)
Conditions still to be met	(1)	(1)
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
<b>19.3</b>	<b><u>Energy Efficiency and Demand Side Management</u></b>	
Opening balance	4 987 120	-
Grants received	-	5 000 000
VAT on Grants	-	(1 680)
Repaid to National Revenue Fund	(4 987 120)	-
Conditions met - Operating	-	(11 200)
Conditions still to be met	-	4 987 120
Grant utilised for energy efficiency investigation within the region.		

	2019 R	2018 R
<b>19.4</b>		
<b><u>LGESTA:Re-imburements</u></b>		
Opening balance	145 438	638 194
Grants received	224 390	145 438
Conditions met - Operating	(77 324)	(638 194)
Conditions still to be met	<u>292 505</u>	<u>145 438</u>
Grant is utilised for training purposes of municipal staff.		
<b>19.5</b>		
<b><u>Safety Plan Implementation - (WOSA)</u></b>		
Opening balance	-	-
Grants received	1 200 000	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions still to be met	<u>1 200 000</u>	<u>-</u>
Grant utilised for replacing bucket system with VIP toilets.		
<b>19.6</b>		
<b><u>Expanded Public Works Programme Integrated Grant</u></b>		
Opening balance	-	-
Grants received	1 021 000	1 280 000
VAT on Grants	-	-
Conditions met - Operating	(1 021 000)	(1 280 000)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
The grant is utilised for job creation.		
<b>19.7</b>		
<b><u>Financial Management Support</u></b>		
Opening balance	78 213	78 213
Grants received	2 090 000	620 000
VAT on Grants	(82 643)	(1 701)
Repaid to National Revenue Fund	(78 213)	-
Conditions met - Operating	(1 197 407)	(618 299)
Conditions still to be met	<u>809 950</u>	<u>78 213</u>
<b>19.8</b>		
<b><u>Regional Bulk Infrastructure</u></b>		
Opening balance	-	381 288
Correction of Error	-	(381 288)
Conditions still to be met	<u>-</u>	<u>-</u>
<b>19.9</b>		
<b><u>Integrated Transport Planning</u></b>		
Opening balance	900 000	-
Grants received	900 000	900 000
VAT on Grants	(157 763)	-
Conditions met - Operating	(1 051 750)	-
Conditions still to be met	<u>590 488</u>	<u>900 000</u>
<b>19.10</b>		
<b><u>Municipal Disaster Grant</u></b>		
Opening balance	1 386 000	-
Grants received	10 000 000	2 000 000
VAT on Grants	-	(39 229)
Repaid to National Revenue Fund	(1 386 000)	-
Conditions met - Operating	(7 902 712)	(574 771)
Conditions still to be met	<u>2 097 288</u>	<u>1 386 000</u>
<b>19.11</b>		
<b><u>Fire Services Capacity Building Grant</u></b>		
Opening balance	202 027	-
Grants received	1 483 000	800 000
VAT on Grants	-	-
Conditions met - Operating	-	(597 973)
Conditions still to be met	<u>1 685 027</u>	<u>202 027</u>
<b>19.12</b>		
<b><u>Rural Road Asset Management Systems Grant</u></b>		
Opening balance	-	524 419
Grants received	2 425 000	2 420 000
VAT on Grants	(272 006)	(348 460)
Conditions met - Operating	(1 934 624)	(2 595 959)
Conditions still to be met	<u>218 370</u>	<u>-</u>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>19.13</b>	<b><u>Greenest Municipality Competition</u></b>		
	Opening balance	-	-
	Grants received	-	130 000
	VAT on Grants	-	-
	Conditions met - Operating	-	(130 000)
	Conditions still to be met	-	-
		<u>-</u>	<u>-</u>
<b>19.14</b>	<b><u>Total Grants</u></b>		
	Opening balance	7 698 797	1 622 114
	Correction of Error	-	(381 288)
	Grants received	171 580 510	160 600 438
	VAT on Grants	(512 411)	(467 120)
	Repaid to National Revenue Fund	(6 451 333)	-
	Conditions met - Operating	(165 421 936)	(153 675 347)
	Conditions still to be met/(Grant expenditure to be recovered)	<u>6 893 627</u>	<u>7 698 797</u>
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	6 893 627	7 698 797
	Unpaid Conditional Government Grants and Receipts	-	-
	<b>Total</b>	<u>6 893 627</u>	<u>7 698 797</u>
<b>20</b>	<b><u>PUBLIC CONTRIBUTIONS AND DONATIONS</u></b>		
	Public Contributions - Conditional	339 711	700 000
	Public Contributions - Unconditional	-	220 850
	<b>Total Public Contributions and Donations</b>	<u>339 711</u>	<u>920 850</u>
	<u>Reconciliation of conditional contributions:</u>		
<b>20.1</b>	<b><u>Knysna Relief Fund</u></b>		
	Opening balance	339 711	984 111
	Grants received	-	55 600
	Conditions met - Operating	(339 711)	(700 000)
	Conditions still to be met	-	<u>339 711</u>
	<i>Fund opened for the relief of Knysna Fire victims and funded through donations of the public.</i>		
		<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>
<b>20.2</b>	<b><u>Total Conditional Contributions</u></b>		
	Opening balance	339 711	984 111
	Grants received	-	55 600
	Conditions met - Operating	(339 711)	(700 000)
	Conditions still to be met	-	<u>339 711</u>
<b>21</b>	<b><u>LICENCES AND PERMITS</u></b>		
	Health Certificates	484 416	213 594
	<b>Total Licences and Permits</b>	<u>484 416</u>	<u>213 594</u>
	<u>Disclosed as follows:</u>		
	Revenue from Non-Exchange Transactions	-	-
	Revenue from Exchange Transactions	484 416	213 594
	<b>Total Licences and Permits</b>	<u>484 416</u>	<u>213 594</u>
<b>22</b>	<b><u>DEPARTMENT OF TRANSPORT - ROADS SERVICE CHARGES</u></b>		
	Department of Transport - Roads Service Charges	175 079 896	169 348 246
	Balance previously reported		189 191 076
	Correction of error - roads integration correction - Note 39.8		(19 842 830)
	Income for agency services	17 243 706	17 372 717
	<b>Total Service Charges</b>	<u>192 323 602</u>	<u>186 720 963</u>

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>23 SALES OF GOODS AND RENDERING OF SERVICES</b>		
Camping Fees	8 688 260	8 559 067
Balance previously reported		6 992 873
Correction of Camping Fee Deposits - Note 39.3		1 566 194
Development Charges	1 023 231	188 125
Entrance Fees	174 925	86 440
Fire Services	10 615 504	7 155 924
Health Services	450 297	215 689
Sale of Goods	620 423	22 472
Balance previously reported		59 970
Correction of Auction Fee incorrectly included - Note 39.1 and 39.2		(37 498)
<b>Total Sales of Goods and Rendering of Services</b>	<b>21 572 639</b>	<b>16 227 717</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>24 RENT ON LAND</b>		
Land	704 013	444 513
Undeveloped Land	704 013	444 513
<b>Total Rent on Land</b>	<b>704 013</b>	<b>444 513</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>25 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Investment Property	963 347	243 221
Property, Plant and Equipment	14 673	104 364
<b>Total Rental from Fixed Assets</b>	<b>978 020</b>	<b>347 585</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>26 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	4 439 589	6 160 933
Balance previously reported		5 500 928
Correction of error - interest earned recognised in incorrect financial period - Note 39.8		660 005
Financial assets	7 866 674	5 776 017
<b>Total Interest Earned - External Investments</b>	<b>12 306 263</b>	<b>11 936 951</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>27 INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Long-term Receivables	-	-
Trade Receivables	-	-
Other Receivables	2 423 660	1 639 116
<b>Total Interest Earned - Outstanding Receivables</b>	<b>2 423 660</b>	<b>1 639 116</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>28 OPERATIONAL REVENUE</b>		
Administrative Handling Fees	295 946	251 641
Commission	21 100	17 073
Incidental Cash Surpluses	23	-
Insurance Refund	10 517	40 243
Staff Recoveries	786 484	689 627
<b>Total Operational Revenue</b>	<b>1 114 071</b>	<b>998 584</b>

	2019 R	2018 R
<b>29 EMPLOYEE RELATED COSTS</b>		
Roads Function - Employee Related Costs	81 270 944	77 848 736
Basic Salaries and Wages	50 078 430	46 941 445
Pension and UIF Contributions	8 921 262	8 272 785
Medical Aid Contributions	7 354 670	7 207 547
Overtime	2 236 748	1 606 075
Bonuses	4 332 076	3 757 589
Motor Vehicle Allowance	1 576 306	1 175 122
Balance previously reported		-
Correction of error - previously included as Operational Cost - Note 39.8		1 175 122
Cell Phone Allowance	51 650	126 296
Housing Allowances	1 013 673	857 167
Other benefits and allowances	693 315	663 002
Payments in lieu of leave	1 243 348	3 135 022
Workmen's Compensation Fund	493 218	456 684
Balance previously reported		-
Correction of error - previously included as Operational Cost - Note 39.8		456 684
Post-retirement Benefit Obligations	3 276 246	3 650 004
Basic Salaries and Wages	86 252 770	77 012 604
Pension and UIF Contributions	15 546 340	12 443 617
Medical Aid Contributions	8 376 792	9 198 436
Overtime	3 815 620	3 479 009
Bonuses	6 779 281	5 469 553
Motor Vehicle Allowance	6 950 632	6 121 406
Cell Phone Allowance	196 640	224 961
Housing Allowances	1 286 143	946 532
Other benefits and allowances	883 175	2 197 083
Payments in lieu of leave	4 217 887	4 167 815
Workmen's Compensation Fund	739 828	685 026
Post-retirement Benefit Obligations	4 483 649	4 657 704
<b>Total Employee Related Costs</b>	<b>220 799 701</b>	<b>204 452 482</b>

**KEY MANAGEMENT PERSONNEL**

Key management personnel are appointed permanently, except for the municipal manager who is appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable at the end of his/her term.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

*Remuneration of the Municipal Manager - Mr MG Stratu*

	12 Months	12 Months
Basic Salary	1 567 764	1 407 252
Pension and UIF Contributions	137 784	131 269
Medical Aid Contributions	50 618	46 351
Performance Bonus	270 740	75 306
Motor Vehicle Allowance	312 958	312 958
Cell Phone Allowance	108 000	72 000
Other benefits and allowances	7 800	36 099
Payments in lieu of leave	100 880	93 070
<b>Total</b>	<b>2 556 544</b>	<b>2 174 306</b>

*Remuneration of Executive Manager Finance - Miss L Hoek*

	5 Months	12 Months
Basic Salary	379 256	840 752
Pension and UIF Contributions	69 010	153 111
Medical Aid Contributions	20 847	46 416
Annual Bonus	75 851	69 228
Overtime	40 382	
Motor Vehicle Allowance	54 026	129 662
Cell Phone Allowance	5 750	11 040
Other benefits and allowances	3 747	20 187
<b>Total</b>	<b>648 869</b>	<b>1 270 396</b>

*Remuneration of Acting Executive Manager Finance - Mr J Stander*

	2019 R	2018 R
<b>3 Months</b>		
Basic Salary	189 099	-
Pension and UIF Contributions	39 745	-
Medical Aid Contributions	26 158	-
Motor Vehicle Allowance	30 394	-
Housing Allowances	26 154	-
Other benefits and allowances	26	-
<b>Total</b>	<b>311 575</b>	<b>-</b>

*Remuneration of Executive Manager Finance - Mr JVH de Jager*

	2019 R	2018 R
<b>4 Months</b>		
Basic Salary	279 597	-
Pension and UIF Contributions	50 922	-
Medical Aid Contributions	16 873	-
Motor Vehicle Allowance	60 000	-
Housing Allowances	40 000	-
Other benefits and allowances	2 801	-
<b>Total</b>	<b>450 193</b>	<b>-</b>

*Remuneration of the Executive Manager Corporate Services - Mrs B Holtzhausen*

	2019 R	2018 R
<b>12 Months</b>		
Basic Salary	1 068 337	954 866
Pension and UIF Contributions	209 714	173 680
Medical Aid Contributions	31 331	-
Annual Bonus	-	44 000
Performance Bonus	177 976	-
Motor Vehicle Allowance	112 423	112 423
Other benefits and allowances	19 359	99
Payments in lieu of leave	-	160 536
<b>Total</b>	<b>1 619 139</b>	<b>1 445 603</b>

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>Remuneration of the Executive Manager Community Services - Mr C Africa</b>		
	<b>12 Months</b>	<b>12 Months</b>
Basic Salary	957 246	903 400
Pension and UIF Contributions	170 737	133 006
Medical Aid Contributions	50 261	42 118
Performance Bonus	174 448	-
Motor Vehicle Allowance	72 600	72 600
Housing Allowances	84 000	84 000
Other benefits and allowances	9 306	16 552
<b>Total</b>	<b>1 518 597</b>	<b>1 251 676</b>
<b>Remuneration of the Executive Manager Roads - Mr JC Ottervanger</b>		
	<b>3 Months</b>	<b>12 Months</b>
Basic Salary	202 110	740 785
Pension and UIF Contributions	36 853	135 126
Medical Aid Contributions	78 430	47 307
Annual Bonus	12 655	61 486
Motor Vehicle Allowance	32 416	129 748
Cell Phone Allowance	3 450	9 600
Housing Allowances	2 557	9 559
Other benefits and allowances	1 982	8 926
Payments in lieu of leave	153 034	-
<b>Total</b>	<b>523 487</b>	<b>1 142 537</b>
<b>Remuneration of the Executive Manager Roads - Mr JG Daniels</b>		
	<b>7 Months</b>	
Basic Salary	708 979	-
Pension and UIF Contributions	107 854	-
Medical Aid Contributions	21 624	-
Motor Vehicle Allowance	96 000	-
Other benefits and allowances	5 315	-
<b>Total</b>	<b>939 772</b>	<b>-</b>
<b>Remuneration of Executive Manager: Planning and Economic Development – L Menze</b>		
	<b>12 Months</b>	<b>6 Months</b>
Basic Salary	765 326	329 909
Pension and UIF Contributions	136 366	60 275
Medical Aid Contributions	45 846	16 850
Performance Bonus	79 533	-
Motor Vehicle Allowance	144 000	72 000
Housing Allowances	180 000	90 000
Other benefits and allowances	15 117	3 765
<b>Total</b>	<b>1 366 187</b>	<b>572 799</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

30	REMUNERATION OF COUNCILLORS	2019 R	2018 R
	Councillor - T Fortuin	360 601	345 938
	Councillor - NF Kamte	363 910	347 455
	Councillor - MP Mapiitza	363 910	345 938
	Councillor - CN Lichaba	452 210	432 735
	Councillor - T van Rensburg	114 295	345 938
	Councillor - RE Spies	799 445	766 723
	Councillor - Teysi	66 380	-
	Councillor - KS Lose	801 405	768 457
	Councillor - D Saayman	362 991	345 938
	Councillor - BN van Wyk	362 978	347 486
	Councillor - AJ Rossouw	359 771	345 938
	Councillor - I Stemela	504 291	486 684
	Councillor - EH Stroebel	67 001	72 493
	Councillor - RS Figland	41 591	70 123
	Councillor - V Gericke	150 806	311 848
	Councillor - BHJ Groenewald	312 697	82 145
	Councillor - E Meyer	513 493	495 028
	Councillor - RH Ruiters	563 830	533 528
	Councillor - JJC Lambaatjeen	514 756	496 817
	Councillor - RR Wildschut	76 861	82 145
	Councillor - K Windvogel	77 039	82 145
	Councillor - L Tyokolo	77 039	82 145
	Councillor - MS Willemsse	-	501 463
	Councillor - MV Molosi	6 038	82 145
	Councillor - SM Odendaal	33 135	82 145
	Councillor - IT Mangaliso	77 039	82 145
	Councillor - NC Jacob	77 039	82 145
	Councillor - M Booysen	1 059 723	1 011 932
	Councillor - SF May	362 991	343 148
	Councillor - MM Mbali	-	4 624
	Councillor - N Ndayi	-	6 588
	Councillor - NC Booisen	-	4 624
	Councillor - M Fielles	-	6 894
	Councillor - SS Mbandezi	77 039	82 145
	Councillor - WP Meshoa	-	4 646
	Councillor - T Teyisi	-	72 493
	Councillor - PJ van der Hoven	67 001	72 493
	Councillor - D Xego	363 717	347 016
	Councillor - SF de Vries	454 439	434 682
	Councillor - JP Johnson	530 165	511 059
	Councillor - ASM Windvogel	72 461	60 658
	Councillor - JL Hartnick	271 727	-
	Councillor - N Tsengwa	59 127	-
	Councillor - ERJ Bouw Spies	234 359	-
	<b>Total Councillors' Remuneration</b>	<b>11 053 302</b>	<b>10 980 692</b>

Remuneration paid to Councillors can be summarised as follows:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	238 062	251 682	534 270	35 709	1 059 723
Deputy-Mayor	505 390	38 040	20 400	-	563 830
Speaker	265 390	-	11 331	-	276 721
Executive Committee Members	13 615	-	4 500	-	18 115
Councillors	6 693 394	792 945	1 255 865	392 708	9 134 912
<b>Total Councillors' Remuneration</b>	<b>7 715 851</b>	<b>1 082 667</b>	<b>1 826 366</b>	<b>428 418</b>	<b>11 053 302</b>

**In-kind Benefits**

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost.

	2019 R	2018 R
<b>31 CONTRACTED SERVICES</b>		
Roads Function: Contracted Services	4 823 281	4 304 682
Outsourced Services	696 494	465 702
Consultants and Professional Services	40 550	-
Contractors	4 086 237	3 838 980
Outsourced Services	6 845 002	11 236 035
Balance previously reported		11 180 855
Correction of provision for creditors		55 180
Consultants and Professional Services	8 716 298	7 572 282
Contractors	12 289 716	3 864 750
<b>Total Contracted Services</b>	<b>32 674 297</b>	<b>26 977 749</b>
<b>32 DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	3 682 412	3 347 411
Balance previously reported		3 332 216
Correction of depreciation on assets identified for the first time		15 194
Intangible Assets	239 030	514 839
Investment Property carried at cost	111 867	111 867
<b>Total Depreciation and Amortisation</b>	<b>4 033 309</b>	<b>3 974 117</b>
<b>33 FINANCE COSTS</b>		
Long-term Borrowings	121 343	60 487
Payables	6 064	18 886
<b>Total Finance Costs</b>	<b>127 408</b>	<b>79 372</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>34 TRANSFERS AND SUBSIDIES</b>		
Roads Function: Transfers and Subsidies	938 418	1 769 750
Operational		
Allocations In-Kind	938 418	1 769 750
Households	938 418	1 769 750
Operational	1 417 183	533 790
Allocations In-kind	608 530	315 699
Households	608 530	315 699
Monetary Allocations	808 653	218 091
Higher Educational Institutions	-	50 000
Households	468 696	(10 540)
Non-profit Institutions	39 958	37 000
Private Enterprises	-	141 630
Provincial Government	300 000	-
<b>Total Transfers and Subsidies</b>	<b>2 355 601</b>	<b>2 303 540</b>



GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>35 OPERATIONAL COSTS</b>		
Roads Function Operational Costs	12 718 744	13 232 463
Advertising, Publicity and Marketing	262 355	526 944
Bank Charges, Facility and Card Fees	54 719	94 052
Cleaning Services	6 206	8 241
Communication	775 437	470 864
Entertainment	10 364	11 360
External Computer Service	776 822	1 494 992
Learnerships and Internships	325 797	252 509
Licences	29 859	27 983
Management Fee	-	-
Balance previously reported		19 842 830
Correction of error - roads integration correction		(19 842 830)
Municipal Services	939 252	1 262 342
Printing, Publications and Books	384 748	407 318
Professional Bodies, Membership and Subscription	700 000	735 260
Registration Fees	6 178	3 306
Repayment of Forfeited Deposits	979	-
Travel and Subsistence	8 031 418	7 134 576
Balance previously reported		8 309 698
Correction of error - correct allocation of motor vehicle allowance to employee related cost - Note 39.8		(1 175 122)
Uniforms and Protective Clothing	414 610	802 717
Workmen Compensation Fund	-	-
Balance previously reported		456 684
Correction of incorrect allocation - reallocated to Employee Related Cost - Note 39.8		(456 684)
Advertising, Publicity and Marketing	2 036 011	1 663 293
Assets less than the Capitalisation Threshold	135 241	250 010
Audit Fees	2 815 773	2 081 198
Bank Charges, Facility and Card Fees	214 348	161 221
Bursaries (Employees)	273 476	443 666
Cleaning Services	309 153	138 961
Contribution to Provisions: Alien Vegetation	-	359 023
Courier and Delivery Services	28 496	51 820
Communication	2 835 187	2 199 871
Balance previously reported		2 054 506
Correction of provision for creditors - Note 39.1 and 39.3		145 365
Deeds	32 104	1 100
Drivers Licences and Permits	217 019	21 878
Entertainment	20 727	17 594
External Computer Service	2 327 720	1 009 957
Fines and Penalties	-	1 507
Hire Charges	985 829	280 391
Insurance Underwriting	896 901	1 073 388
Balance previously reported		1 007 892
Correction of incorrect VAT treatment on Insurance Premium - Note 39.1		65 497
Learnerships and Internships	5 508	140 009
Licences	51 254	27 998
Municipal Services	3 816 048	3 268 464
Balance previously reported		3 256 684
Correction of provision for creditors - Note 39.1 and 39.3		11 780
Office Decorations	-	4 636
Printing, Publications and Books	139 677	645 139
Professional Bodies, Membership and Subscription	1 286 687	824 974
Registration Fees	828 667	576 450
Repayment of Forfeited Deposits	159 360	-
Rewards Incentives	4 884	29 164
Samples and Specimens	1 051 218	918 981
Skills Development Fund Levy	1 077 354	1 015 067
System Access and Information Fees	-	1 995
Travel and Subsistence	5 640 149	3 757 985
Uniform and Protective Clothing	576 666	404 297
Vehicle Tracking	2 073	989
Wet Fuel	223 619	969 665
<b>Total Operational Costs</b>	<b>40 709 893</b>	<b>35 573 154</b>
<b>36 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 8	(8 560 292)	(7 072 798)
Roads Function - Receivables from Exchange Transactions - Note 8	-	(227 342)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(8 560 292)</b>	<b>(7 300 140)</b>
<b>37 GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment and Intangible Assets	517 979	(573 997)
Investment Property	1 670 789	-
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>2 188 768</b>	<b>(573 997)</b>
<b>38 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS</b>		
Investment Property	4 774 987	-
Property, Plant and Equipment	14 054 347	57 050
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets</b>	<b>18 829 335</b>	<b>57 050</b>

	2019 R	2018 R
<b>39 CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
	2019 R	2018 R
<b>39.1 Taxes</b>		
<b>Balance previously reported</b>		317 038
Correction of incorrect VAT treatment on Insurance Premium		(65 497)
Correction of Output VAT incorrectly declared in previous year on Roads auction fees		5 250
Correction of provision for creditors		22 340
<b>Restated Balance</b>	<u>-</u>	<u>279 131</u>
<b>39.2 Cash and Cash Equivalents</b>		
<b>Balance previously reported</b>		162 383 670
Correction of roads auction fees incorrectly received in Garden Route District Municipality's bank account		(42 748)
<b>Restated Balance</b>	<u>-</u>	<u>162 340 923</u>
	2019 R	2018 R
<b>39.3 Trade and Other Payables from Exchange Transactions</b>		
<b>Balance previously reported</b>		16 864 948
Correction of Camping Fees		(1 566 194)
Correction of interest recognised in incorrect accounting period		660 005
Correction of provision for creditors		234 664
<b>Restated Balance</b>	<u>-</u>	<u>16 193 423</u>
<b>39.4 Unspent Transfers and Subsidies</b>		
<b>Balance previously reported</b>		8 080 085
Correction of Regional Bulk Infrastructure Grant		(381 288)
<b>Restated Balance</b>	<u>-</u>	<u>7 698 797</u>
<b>39.5 Accumulated Surplus/(Deficit) - 1 July 2017</b>		
Correction of Regional Bulk Infrastructure Grant		(381 288)
Correction of assets identified for the first time - Deemed cost price recognised		(98 114)
<b>Total</b>	<u>-</u>	<u>(479 402)</u>
<b>39.6 Property, Plant and Equipment - Cost</b>		
<b>Balance previously reported</b>		345 110 860
Correction of assets identified for the first time - Deemed cost price recognised		98 114
<b>Restated Balance</b>	<u>-</u>	<u>345 208 974</u>
<b>39.7 Property, Plant and Equipment - Accumulated Depreciation</b>		
<b>Balance previously reported</b>		199 765 680
Correction of assets identified for the first time - Additional depreciation for the year		15 194
<b>Restated Balance</b>	<u>-</u>	<u>199 780 874</u>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 39.8 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented, or not implemented correctly, in prior years:

Note	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>			
Government Grants and Subsidies	154 142 467	-	154 142 467
Public Contributions and Donations	920 850	-	920 850
Actuarial Gains	4 173 621	-	4 173 621
Department of Transport - Roads Service Charges	206 563 793	(19 842 830)	186 720 963
Sales of Goods and Rendering of Services	14 699 021	1 528 696	16 227 717
Rent on Land	444 513	-	444 513
Rental of Facilities and Equipment	347 585	-	347 585
Interest Earned - External Investments	11 276 945	660 005	11 936 951
Interest Earned - Exchange Transactions	1 639 116	-	1 639 116
Licences and Permits from Exchange Transactions	213 594	-	213 594
Operational Revenue	998 584	-	998 584
<b>Total</b>	<b>395 420 090</b>	<b>(17 654 129)</b>	<b>377 765 961</b>
<b>Expenditure</b>			
Employee related costs	(202 820 676)	(1 631 806)	(204 452 482)
Remuneration of Councillors	(10 980 692)	-	(10 980 692)
Bad Debts Written Off	(3 527 609)	-	(3 527 609)
Contracted Services	(26 922 569)	(55 180)	(26 977 749)
Depreciation and Amortisation	(3 958 922)	(15 194)	(3 974 117)
Finance Costs	(79 372)	-	(79 372)
Inventory Consumed	(73 172 033)	-	(73 172 033)
Operating Leases	(975 205)	-	(975 205)
Transfers and Subsidies	(2 303 540)	-	(2 303 540)
Operational Costs	(56 825 148)	21 251 994	(35 573 154)
<b>Total</b>	<b>(381 565 766)</b>	<b>19 549 814</b>	<b>(362 015 952)</b>
<b>Gains and Losses</b>			
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(50 064)	-	(50 064)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(7 300 140)	-	(7 300 140)
Gains/(Loss) on Sale of Fixed Assets	(573 997)	-	(573 997)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	57 050	-	57 050
<b>Total</b>	<b>(7 867 151)</b>	<b>-</b>	<b>(7 867 151)</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>5 987 172</b>	<b>1 895 686</b>	<b>7 882 858</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	14 684 130	7 882 858
<b>Adjustments for:</b>		
Depreciation and Amortisation	4 033 309	3 974 117
Loss/(Gain) on Sale of Fixed Assets	(2 188 768)	573 997
Impairment Loss/(Reversal of Impairment Loss)	(18 829 335)	(57 050)
Government Grants and Subsidies received	171 580 510	160 600 438
Government Grants and Subsidies repaid to National Revenue Fund	(6 451 333)	-
Government Grants and Subsidies recognised as revenue	(165 934 347)	(154 142 467)
Public Contributions received	-	55 600
Public Contributions recognised as revenue	(339 711)	(700 000)
Contribution from/to provisions - Non-Current Employee Benefits	7 759 898	8 307 708
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	743 190	-
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(780 401)	(7 323 810)
Contribution from/to - Current Employee Benefits	4 448 644	5 795 156
Contribution to provisions – Bad Debt	9 657 790	8 398 773
Operating Surplus/(Deficit) before changes in working capital	18 383 576	33 365 319
Changes in working capital	(5 059 063)	(9 367 475)
Increase/(Decrease) in Operating Lease Liability	(13 658)	13 658
Increase/(Decrease) in Trade and Other Payables	15 021 879	1 965 637
Increase/(Decrease) in Taxes	(2 998 899)	292 746
(Increase)/Decrease in Inventory	(162 981)	563 666
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(16 854 287)	(12 216 793)
(Increase)/Decrease in Operating Lease Asset	(51 117)	13 612
<b>Cash generated/(absorbed) by operations</b>	<b>13 324 513</b>	<b>23 997 843</b>
<b>41 CASH AND CASH EQUIVALENTS</b>	<b>2019 R</b>	<b>2018 R</b>
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 10	174 222 203	161 826 433
Call Deposits and Investments - Note 10	-	498 607
Cash Floats - Note 10	15 883	15 883
<b>Total cash and cash equivalents</b>	<b>174 238 085</b>	<b>162 340 923</b>
<b>42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 41	174 238 085	162 340 923
<b>Less:</b>	(6 893 628)	(8 038 509)
Unspent Transfers and Subsidies - Note 15	(6 893 628)	(8 038 509)
Net cash resources available for internal distribution	167 344 458	154 302 413
Allocated to:		
Capital Replacement Reserve	(31 325 892)	(31 704 865)
<b>Resources available for working capital requirements</b>	<b>136 018 565</b>	<b>122 597 548</b>
<b>43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 11	726 702	1 448 088
Used to finance property, plant and equipment - at cost	(726 702)	(1 448 088)
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

**44 BUDGET INFORMATION****44.1 Explanation of variances between approved and final budget amounts**

The reasons for the variances between the approved and final budgets are mainly due to increased expenditure on Roads due to exceptional performance from the applicable department, as well as differences in the split between current and non-current assets and liabilities when comparing budgeted to actual results.

**Explanation of variances greater than 10% and R500,000: Final Budget and Actual Amounts****44.2 Statement of Financial Position****44.2.1 Current Assets** Variance

*Other Debtors* 69,11%

Overspending of Roads operational budget resulting in large debtor which was not budgeted for. Also, payments made in advance relating to the acquisition of assets over two financial years.

**44.2.2 Non-Current Assets**

Intangible Assets 56,9%

Additions of R1 000 000 (refer note 4.1) was budgeted for under PPE, which resulted in a mismatch between the actual and budgeted amount - hence the variance shown above. The capital budget was not overspent in the 2018/19 financial year (refer to Appendix C, Table A5).

**44.2.3 Current Liabilities**

Trade and Other Payables -47,87%

Municipality over budgeted for Trade and Other Payables as the amount budgeted was substantially higher in the prior year.

Provisions 25,13%

Split in budgeted provisions between current liabilities and non-current liabilities differs from the actuals, but when these two line items are compared jointly, the actual variance is only 8.9%, which is within the allowable limits set out in the Accounting Policy.

**44.2.4 Non-Current Liabilities**

Borrowing -95,18%

Difference in long term and short term portion of finance leases relating to cellphones and tablets net each other off.

**44.2.5 Net Assets**

Reserves 10,67%

Transfer was made to the CRR which was not budgeted for. Additional cash was available to make the transfer.

Accumulated Surplus/(Deficit) 12,50%

Unexpected gain relating to the reversal of impairment of assets following an updated property valuation process.

**Statement of Financial Performance****44.2.6 Revenue**

Rental of Facilities and Equipment -56,26%

Expected increase in rentals budgeted for was not achieved.

Interest Earned - External Investments -21,69%

The interest rate during the 2018/19 financial year was lower than anticipated at the time of compilation of the budget.

Interest Earned - Outstanding Debtors 170,32%

Major fire outbreaks in the year resulted in an increase in debtors in this regard, which in turn caused the interest on such accounts to be substantially higher than what was anticipated at the time of compilation of the budget.

Agency Services -18,13%

Budgeted for additional agency services due to history of overspending.

Gain on disposal of PPE -45,28%

Actual gain realised from disposal of PPE was less than budgeted for due to lower than expected sale prices realised.

**44.2.7 Expenditure**

Employee Related Costs 57,11%

The variance of 57.11% is due to an R80 000 000 difference between the budgeted and actual amount. The reason relates to the employee related costs of the Roads function that is budgeted for under "Other Expenditure" (refer to note 29)

Debt Impairment 684,39%

Due to outstanding fire fighting accounts outstanding for one year and impaired 100% in 18/19, reason for non payment of fire fighting accounts is dispute regarding the origin of fire.

Depreciation and Asset Impairment -566,52%

The budget included a marginal loss on impairment of assets, but a valuation exercise realised a gain of R18m on reversal of impairment losses of assets.

If this is taken into account, the remainder of the variance is within the limits set out in the Accounting Policy

Finance Charges 100,00%

Interest paid by Roads to GRDM on advances in the period.

Contracted Services -35,11%

Roads expenditure reported in actual on other lines also, such as employee related costs etc.

Other Expenditure -35,38%

The variance is mainly due to the fact that the employee related costs of the Roads function is budgeted for under "Other Expenditure", but reported in actuals under "Employee related costs" (refer to note 29).

If this is taken into account, the remainder of the variance is within the limits set out in the Accounting Policy

**44.2.8 Cash Flow Statement**

Interest -21,69%

Split between interest receipts and movement in receivables according to the budget differs from actual, but nets off in total.

Finance cost -100,00%

Interest paid by Roads to GRDM on advances in the period.

Decrease/(Increase) in Non-Current Debtors -100,00%

Budget included under Other Non-Current Receivables

Decrease/(Increase) in Other Non-Current Receivables 100,00%

Actual included under Non-Current Debtors

Capital Assets -50,03%

Variance included in actual of Other Debtors as pre-payments on multi year capital projects.

Repayment of Borrowing -100,00%

Municipality did not budget for cellphone and tablet contracts to be classified as finance leases.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>45.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	29 177 263	876 692
Unauthorised expenditure current year - operational	18 014 649	26 180 203
Unauthorised expenditure current year - capital	594 754	2 120 369
Approved by Council or condoned	(28 073 230)	*
Unauthorised expenditure awaiting authorisation	<u>19 713 436</u>	<u>29 177 263</u>

At a Council meeting of 23 July 2019, Council resolved to write off R28 073 230 unauthorised expenditure as irrecoverable after following the prescribed MFMA section 32 process.

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - Executive and Council	49 105 530	46 981 360	(2 124 170)	(2 124 170)
Vote 2 - Budget and Treasury Office	21 464 934	24 519 318	3 054 384	-
Vote 3 - Corporate Services	40 019 685	41 209 717	1 190 032	-
Vote 4 - Planning and Development	6 204 065	22 738 673	16 534 608	-
Vote 5 - Public Safety	36 420 968	41 369 252	4 948 284	-
Vote 6 - Health	34 548 046	33 580 866	(967 180)	(967 180)
Vote 7 - Community and Social Services	-	-	-	-
Vote 8 - Sport and Recreation	13 186 948	12 766 613	(420 334)	(420 334)
Vote 9 - Waste Management	1 372 540	5 007 678	3 635 138	-
Vote 10 - Roads Transport	2 865 124	4 225 000	1 359 876	-
Vote 11 - Waste Water Management	-	10 324	10 324	-
Vote 12 - Water	-	-	-	-
Vote 13 - Environment Protection	5 417 644	3 584 576	(1 833 069)	(1 833 069)
Vote 14 - Roads Agency Function	175 079 896	162 410 000	(12 669 896)	(12 669 896)
	<u>385 685 379</u>	<u>398 403 376</u>	<u>12 717 998</u>	<u>(18 014 649)</u>

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
<b>Unauthorised expenditure current year - capital</b>				
Vote 1 - Executive and Council	161 525	29 800	(131 725)	(131 725)
Vote 2 - Budget and Treasury Office	135 294	42 000	(93 294)	(93 294)
Vote 3 - Corporate Services	2 579 820	2 428 300	(151 520)	(151 520)
Vote 4 - Planning and Development	218 214	-	(218 214)	(218 214)
Vote 5 - Public Safety	1 570 731	4 750 200	3 179 469	-
Vote 6 - Health	125 536	2 343 079	2 217 543	-
Vote 7 - Community and Social Services	-	-	-	-
Vote 8 - Sport and Recreation	516 895	1 000 000	483 105	-
Vote 9 - Waste Management	-	-	-	-
Vote 10 - Roads Transport	-	-	-	-
Vote 11 - Waste Water Management	-	-	-	-
Vote 12 - Water	-	-	-	-
Vote 13 - Environment Protection	-	30 000	30 000	-
Vote 14 - Roads Agency Function	-	-	-	-
	<u>5 308 015</u>	<u>10 623 379</u>	<u>5 315 364</u>	<u>(594 754)</u>

	2019 R	2018 R
<b>45.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1 857 935	1 882 155
Interest: Creditors	6 064	18 886
Fruitless and wasteful expenditure current year	42 404	-
Condoned or written off by Council	(1 131 892)	(43 106)
Fruitless and wasteful expenditure awaiting condonement	<u>774 511</u>	<u>1 857 935</u>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
At a Council meeting of 23 July 2019, Council resolved to write off R1 131 892 fruitless and wasteful expenditure as irrecoverable after following the prescribed MFMA section 32 process.		
<b>45.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure:		
Opening balance	96 062 717	52 736 301
Irregular expenditure current year	40 509 315	39 136 426
Deviations (see disclosure below)	5 335 569	17 678 957
SCM Reg 29(2) Composition of the Bid Adjudication Committee (see disclosure below) - current year	65 783 930	-
SCM Reg 29(2) Composition of the Bid Adjudication Committee (see disclosure below) - prior year	40 321 656	-
SCM Reg 32 Contracts secured by other organs of state (see disclosure below) - current year	4 640 469	-
SCM Reg 32 Contracts secured by other organs of state (see disclosure below) - prior year	3 598 864	-
Irregular expenditure written-off as irrecoverable supported by council i.t.o section 32 of MFMA	(88 495 471)	(13 488 967)
	<u>167 757 049</u>	<u>96 062 717</u>
Irregular expenditure awaiting further action		
At a Council meeting of 23 July 2019, Council resolved to write off R88 495 471 irregular expenditure as irrecoverable after following the prescribed MFMA section 32 process.		
The irregular expenditure of 2018/2019 relates mostly to the following.		
Non-compliance with Local Content Procurement requirements to the value of R481 505 (2018: R2 683 656)		
Performance bonuses approved by Council, but paid to the Municipal Manager and Managers Directly Accountable to the Municipal Manager prior to adoption of the 2017/18 Annual Report: R702 697 (2018: R0)		
Contracts above R10 million not advertised as prescribed in 2014/2015 - 2016/2017 financial years R39 152 971 (2018: R36 053 079)		
Long term contracts exceeding one year not advertised for a minimum period as prescribed of R172 142		
A payment was made to Lefatsho in terms of a settlement agreement amounting to R1 820 000 (VAT portion on R13 000 000) for the current financial year and R13 000 000 (exclusive of VAT) in the previous financial year. Council has requested a forensic investigation, the Legal Department is liaising with Province regarding assistance with the investigation.		
<u>Deviations</u>		
This relates to non-compliance with Supply Chain Management Regulation 13(c), that requires that the Municipality should request a declaration of interest from services providers, when calling for written quotation and bids. The Office of the Auditor General, when auditing our deviation procurement process in 2017/18, noted that the municipality did not comply with this regulation. We were of the opinion that, since we had used SCM Regulation 36, which is the deviation from normal procurement processes, we are not required to comply with SCM regulation 13(c) during a deviation process. Since receiving the final AGSA audit opinion on 30 November 2018 we amended our processes to comply with this regulation - the deviations disclosed as irregular in the 2018/19 year occurred prior to 30 November 2018.		
<u>Composition of the Bid Adjudication Committee</u>		
For the 2018/19 statutory audit, the Office of the Auditor General's technical department issued a clarification regarding the interpretation and application of SCM Reg 29(2) regarding the composition of the bid adjudication committee (BAC). Membership to the committee requires, amongst others, the CFO, as well as a Senior SCM Practitioner. In the past, due to capacity constraints, the CFO was regarded to also fulfill the requirement of the Senior SCM Practitioner. However, the clarification stated that these must be two different officials. It was therefore concluded that the BAC was not constituted as per reg 29(2) and this non-compliance results in all formal tenders to be considered to be irregular expenditure.		
It should be noted that this non-compliance did not result in any loss to Council as the award would not have been granted to a different bidder. The Manager: SCM did attend the BAC meetings in an advisory capacity, therefore the inputs from the "Senior SCM Practitioner" was given at the BAC meeting. The irregular expenditure is purely based on the fact that the Manager: SCM should have been a member of the BAC, not only an advisor.		
Due to the implementation of a new financial system on 1 July 2017 to comply with the mSCOA Regulations, it is impractical to quantify the irregular expenditure due to non-compliance with SCM Reg 29(2) for financial years ending prior to this date. At reporting date, such irregular expenditure is still under investigation.		
<u>Contracts secured by other organs of state</u>		
National Treasury issued Circular 96 in July 2019 to municipalities which elaborates on the principles captured in regulation 32 of the SCM Regulations when procuring goods or services from contracts secured by other organs of state. In addition, there has been two court judgements, which provide an understanding of regulation 32 and MFMA section 110(2). They were delivered in the High Court of South Africa KwaZulu-Natal division (Durban) on 6 July 2018 (KwaDukuza) and in the High Court of South Africa (Eastern Cape circuit court, East London) on 24 November 2015 (Amathole) which were based on the interpretation of regulation 32.		
Application of the information referred to above concludes that "the municipality cannot substitute itself in place of the other organ of state". GRDM has contracts procured under the auspices of regulation 32, but contracted directly with the supplier. All expenditure on contracts procured under SCM Regulation 32 therefore is deemed to be irregular expenditure due to the non-compliance derived from the new application.		
Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.		
<b>46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>46.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</b>		
Opening balance	-	-
Council subscriptions	62 151	57 577
Amount paid - current year	(62 151)	(57 577)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>46.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Current year audit fee	3 663 723	3 335 887
Amount paid - current year	(3 663 723)	(3 335 887)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>



GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>46.3</b>		
<b><u>VAT - [MFMA 125 (1)(c)]</u></b>		
VAT input receivables and VAT outputs payable are shown in note 18. All VAT returns have been submitted by the due date throughout the year.		
<b>46.4</b>		
<b><u>PAYE and UIF - [MFMA 125 (1)(c)]</u></b>		
Opening balance	-	-
Current year payroll deductions	29 915 467	27 139 747
Amount paid - current year	(29 915 467)	(27 139 747)
	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>46.5</b>		
<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u></b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	33 646 534	29 922 127
Amount paid - current year	(33 646 534)	(29 922 127)
Amount paid - previous year	-	-
	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>46.6</b>		
<b><u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u></b>		
The following Councillor had a arrear account outstanding for more than 90 days during the year.		
	<b>Total</b>	<b>90+ Days</b>
<b>30 June 2019</b>		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	164 213	164 213
<b>30 June 2018</b>		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	158 278	158 278

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

46.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. Deviations for the amount of R12,818,294.12 has been condoned by council.

**Deviations per deviation type can be summarised as follows:**

	2019 R	2018 R
Emergency	6 936 513	5 077 077
Impractical	4 340 992	15 543 019
Single Supplier	1 540 789	2 221 577
	<b>12 818 294</b>	<b>22 841 673</b>

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

30 June 2019	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	761 920	1 320 842,56	1 588 771,03	4 119 134,80
Corporate/Strategic Services	281 841	284 106,24	-	-
Financial Services	152 262	-	-	-
Office of the Municipal Manager	94 417	105 265,65	-	-
Office of the Political Staff	3 568	-	-	-
Planning and Economic Development Services	410 510	262 303,35	-	-
Roads Services	1 850 632	1 582 719,62	-	-
	<b>3 555 151</b>	<b>3 555 237</b>	<b>1 588 771</b>	<b>4 119 135</b>

**The major deviations were as follows:**

Awarded to	Reason/Explanation	Amount
South Cape Fire Protection Ass - NPC	Emergency	2 082 262
Working on Fire (PTY) Ltd	Emergency	2 036 873
Working on Fire (PTY) LTD	Emergency	1 341 521
Savannah Helicopters	Emergency	247 250
World Travel Market - Africa Show 2019	Single Supplier	185 096
Ilita Lodge	Impractical Procurement Process	184 000
Mosselbay Helicopters	Emergency	166 106
Savannah Helicopters	Emergency	130 410
Pine Lake Marina Waterfront Resort	Impractical Procurement Process	127 988
Savannah Helicopters	Emergency	125 580
Ilita Lodge	Single Supplier	121 440
Incident working Group	Emergency	120 922
AAN DE KANAAL	Impractical Procurement Process	116 461
Total		<b>6 985 908</b>

30 June 2018	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	1 222 668	3 933 080	2 904 939	-
Corporate/Strategic Services	812 360	1 270 442	2 782 857	-
Financial Services	161 886	120 075	-	-
Office of the Municipal Manager	-	103 441	-	-
Office of the Political Staff	80 768	342 474	798 068	-
Planning and Economic Development Services	-	120 433	-	-
Roads Services	1 745 445	4 089 567	2 353 169	-
	<b>4 023 128</b>	<b>9 979 512</b>	<b>8 839 033</b>	-

**The major deviations were as follows:**

Awarded to	Reason/Explanation	Amount
Savannah Helicopters	Emergency	280 098
Vehicle - (Halfway Toyota)	Emergency	540 718
Southern Cape Fire Protection Association	Impractical Procurement Process	349 040
Savannah Helicopters	Impractical Procurement Process	245 100
Savannah Helicopters	Impractical Procurement Process	347 707
Working on Fire	Impractical Procurement Process	926 942
Schroter & Associate Attorneys	Impractical Procurement Process	232 450
UBERTECH IT Consulting & Services	Impractical Procurement Process	459 802
Southern Cape Fire Protection Association	Emergency	336 680
Vesta Technical Services	Impractical Procurement Process	270 605
Vesta Technical Services	Emergency	246 005
Vesta Technical Services	Impractical Procurement Process	1 494 992
Working on Fire	Impractical Procurement Process	1 820 000
Total		<b>7 550 118</b>

GARDEN ROUTE DISTRICT MUNICIPALITY

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46.8 Trading with Employees in Service of the State

The following purchases were made from close family members of persons in the service of the state :

**2018/2019 Financial Year**

Supplier	Name	State Department	Actual Expenditure R	Awarded Amount R
IGB Trading	NM Boumeester	NM Boumeester's (Administrative Assistant Garden Route District Municipality) husband owns IGB Trading	11 702	11 702
Shabby to Chick - Zingfontein Estates	J Stander	J Stander's (Manager Finance Garden Route District Municipality) brother-in-law owns Shabby to Chick	9 809	9 809
Piston Power Chemicals CC	Ujush Andhee	Nadira Andhee (wife) - teacher at KZN Department of Education	518 255	Rate Based
Invusa Trading	Angeline Lekay	Harold Lekay (Husband) - Oudtshoorn Municipality (Community Services - Cleaning)	2 647	Rate Based
R & S Communications	NW Jacobs and JG Otto	NW Jacobs's (Disaster Management Coordinator - Community Service - Garden Route District Municipality) and JG Otto's (Manager Disaster Management Community Service - Garden Route District Municipality), both their spouses works for R & S Communications.	521 987	Rate Based
2 Brothers Enterprise	AY Miles	AY Miles's (Administrative Assistant - Garden Route District Municipality) uncle owns 2 Brothers Enterprise.	53 100	Rate Based
GIBB (Pty) Ltd	Diane Alderman	Eastern Cape Department of Education		
GIBB (Pty) Ltd	Alan Moon	City of Cape Town		
GIBB (Pty) Ltd	Thando Gqobo	Ethekeweni Municipality		
GIBB (Pty) Ltd	Sonnika Cilliers	Department of Education		
GIBB (Pty) Ltd	Nokuthula Mkhize	National Department of Water Affairs & Forestry	810 750	Rate Based
GIBB (Pty) Ltd	Jacqueline Gooch	Department of Transport & Public Works		
GIBB (Pty) Ltd	Douglas Kiewiet	Department of Water Affairs & Forestry		
GIBB (Pty) Ltd	Rajiv Beharie	Eskom		
GIBB (Pty) Ltd	Unati Lekonyana	Department of National Treasury		
GIBB (Pty) Ltd	K Naidoo	Gauteng Department of Education		
GIBB (Pty) Ltd	Spouse of H Niehaus	Western Cape Department of Education		
Mubesko Africa (Pty) Ltd	Spouse of B Saaiman	Northern Cape Department of Health	3 377 681	Rate Based
			<b>5 305 931</b>	

**2017/2018 Financial Year**

The following purchases were made from close family members of persons in the service of the state :

Supplier	Name	State Department	Actual Expenditure R	Awarded Amount R
IGB Trading	NM Boumeester	NM Boumeester's (Administrative Assistant Garden Route District Municipality) husband owns IGB Trading	6 661	6 661
Shabby to Chick - Zingfontein Estates	J Stander	J Stander's (Manager Finance Garden Route District Municipality) brother-in-law owns Shabby to Chick	5 740	5 740
Piston Power Chemicals CC	Ujush Andhee	Nadira Andhee (wife) - teacher at KZN Department of Education	502 973	Rate Based
Invusa Trading	Angeline Lekay	Harold Lekay (Husband) - Oudtshoorn Municipality (Community Services - Cleaning)	11 923	Rate Based
RJL General Trading (Pty) Ltd	Marilyn Swartz	Fredericks Swartzs (Husband) - works for Department of Health	138 729	Rate Based
Mubesko Africa (Pty) Ltd and MooreStephens MO Inc - Consortium	B Engelbrecht	B Holtzhausen (Mother) - Executive Manager Corporate Services Garden Route District Municipality	2 660 411	Rate Based
			<b>3 326 437</b>	

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

1% (2018: 1%) Increase in interest rates	1 459 340	1 293 313
1% (2018: 1%) Decrease in interest rates	(1 459 340)	(1 293 313)

(d) Credit Risk

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is 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.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

	2019 %	2019 R	2018 %	2018 R
The provision for bad debts could be allocated between the different classes of debtors as follows:				
Rental Agreements	6,19%	1 817 332	6,34%	1 249 947
Ambulance and Fire Fighting Fees	89,62%	26 313 850	82,93%	16 340 036
Other Arrears	4,19%	1 230 229	10,73%	2 113 638
<b>Total</b>	<b>100,00%</b>	<b>29 361 411</b>	<b>100,00%</b>	<b>19 703 621</b>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 and 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

**Ageing of amounts past due but not impaired are as follow:**

	Exchange Receivables	Non-exchange Receivables
<b>2019</b>		
1 month past due	130 409	-
2+ months past due	3 629 949	-
	<u>3 760 357</u>	<u>-</u>
<b>2018</b>		
1 month past due	134 812	-
2+ months past due	1 146 150	-
	<u>1 280 962</u>	<u>-</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (Investec, Nedbank, ABSA, First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

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

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	-	-
Non-Current Receivables from Non-Exchange Transactions	-	-
Receivables from exchange transactions	53 317 466	36 690 521
Receivables from non-exchange transactions	100 556	100 556
Cash and Cash Equivalents	145 935 030	129 896 036
	199 353 052	166 687 113

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2019</b>				
Long-term Liabilities	729 307	29 335	-	-
Trade and Other Payables	30 555 297	-	-	-
	31 284 603	29 335	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2018</b>				
Long-term Liabilities	965 467	613 201	-	-
Trade and Other Payables	15 533 418	-	-	-
	16 498 885	613 201	-	-
			<b>2019 R</b>	<b>2018 R</b>

48 FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

48.1 Financial Assets	Classification		
<b>Investments</b>			
Unlisted Shares	Financial Instruments at fair value	27 445	26 027
		<b>2019 R</b>	<b>2018 R</b>
<b>Non-Current Receivables</b>			
Receivables with repay arrangements	Financial Instruments at amortised cost	-	-
Sport Club Loans	Financial Instruments at amortised cost	-	-
Housing Loans	Financial Instruments at amortised cost	-	-
		<b>2019 R</b>	<b>2018 R</b>
<b>Receivables from Exchange Transactions</b>			
Property Rentals	Financial Instruments at amortised cost	2 085 198	1 669 235
Ambulance and Fire Fighting Fees	Financial Instruments at amortised cost	28 188 847	18 349 695
Other Arrears	Financial Instruments at amortised cost	18 039 893	16 671 591
		<b>2019 R</b>	<b>2018 R</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	174 222 203	161 826 433
Call Deposits	Financial Instruments at amortised cost	-	498 607
<b>Total Financial Assets</b>		<b>222 563 586</b>	<b>199 041 587</b>

		2019 R	2018 R
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Instruments at cost:</b>			
Investments	Unlisted shares	27 445	26 027
		<u>27 445</u>	<u>26 027</u>
		<b>2019 R</b>	<b>2018 R</b>
<b>Financial Instruments at amortised cost:</b>			
	Property Rentals	2 085 198	1 669 235
	Receivables from Exchange Transactions	28 188 847	18 349 695
	Receivables from Exchange Transactions	18 039 893	16 671 591
	Cash and Cash Equivalents	174 222 203	161 826 433
	Cash and Cash Equivalents	-	498 607
		<u>222 536 141</u>	<u>199 015 560</u>
<b>Financial Instruments at fair value:</b>			
Investments	Listed Investments	27 445	26 027
		<u>27 445</u>	<u>26 027</u>
<b>Total Financial Assets</b>		<u><b>222 591 031</b></u>	<u><b>199 067 614</b></u>
<b>48.2</b>	<b>Financial Liabilities</b>	<b>Classification</b>	
<b>Long-term Liabilities</b>			
Capitalised Lease Liability	Financial Instruments at amortised cost	726 702	1 448 088
<b>Trade and Other Payables</b>			
Trade Payables	Financial Instruments at amortised cost	12 811 312	3 593 926
Advance Payments	Financial Instruments at amortised cost	1 051 686	2 119 907
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	715 527	334 434
Other Payables	Financial Instruments at amortised cost	15 768 121	9 276 501
<b>Cash and Cash Equivalents</b>			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		<u>31 073 348</u>	<u>16 772 855</u>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
<b>Financial instruments at amortised cost:</b>			
Long-term Liabilities	Capitalised Lease Liability	726 702	1 448 088
Trade and Other Payables	Trade Payables	12 811 312	3 593 926
Trade and Other Payables	Advance Payments	1 051 686	2 119 907
Trade and Other Payables	Control, Clearing and Interface Accounts	715 527	334 434
Trade and Other Payables	Other Payables	15 768 121	9 276 501
		<u><b>31 073 348</b></u>	<u><b>16 772 855</b></u>

**49 STATUTORY RECEIVABLES**

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

<b>Taxes</b>		
VAT Receivable	3 278 029	279 131
<b>Receivables from Non-Exchange Transactions</b>		
	100 556	100 556
Rates	-	-
Insurance Claims	100 556	100 556
Fines	-	-
<b>Total Statutory Receivables (before provision)</b>	<b>3 378 586</b>	<b>379 687</b>
<b>Less:</b> Provision for Debt Impairment	-	-
<b>Total Statutory Receivables (after provision)</b>	<b>3 378 586</b>	<b>379 687</b>
	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>

**50 IN-KIND DONATIONS AND ASSISTANCE**

The municipality received the following in-kind donations and assistance:

SALGA Assistance	725 937	-
Miss. Elandie Terblanche (Intern from Western Cape Provincial Treasury)	-	132 190
Smart City development trip to Indonesia	135 980	-
<b>Total In-kind Donations and Assistance</b>	<b>861 917</b>	<b>132 190</b>

**51 PRIVATE PUBLIC PARTNERSHIPS**

Garden Route District Municipality is in the process to enter into a Public Private Partnership (PPP) with Eden Waste Management, the Preferred Bidder, for a period of ten (10) years to build and operated a Regional Waste Management Facility. The PPP Agreement will include the build and operation of a domestic and hazardous disposal facility as well as the availability of a rotating mobile chipper and crusher to the participating local municipalities. The participating local municipalities that will make use of the facility will be Bitou, Knysna, George, Mossel Bay and Hessequa (Gouritzmond and Albertinia).

The due diligens process initiated by the Development Bank of South Africa that is the financier of the Private Partner was completed and can the final PPP process be concluded. The preparation of the Treasury Views and Recommendation III documentations as well as the Section 33 in terms of the MFMA (contract longer than three years) process documentation are nearly finalised to be submitted to Nasional and provincial Treasury for their comments as well as to the Nasional and Provincial Sector Department for their comments. The comments timeline for their comments are thirty (30) days.

As soon as the comments are received the PPP Agreement will be finalised and submitted to Council for approval and signature of the Municipal Manager.

It is anticipated that the above mentioned processes will be finalised at the end of November 2019 and construction can proceed from 20 January 2020. The private Partner, Eden Waste Management, will set up camp during the first two (2) weeks of December 2019.

All participating local municipalities have made provision in their existing multi-year budgets for their individual operating cost contribution from date of in operation of the regional Waste Management Facility.

**52 CONTINGENT LIABILITY**

**52.1 Theunis Barnard / Garden Route DM / September January**

We received a summons from Calmanz Incorporated, with regards to an accident that happened on 5 February 2010. The driver of the vehicle was September January and at the time of the accident employed at Garden Route District Municipality. The vehicle had the registration number PA 175 129. This matter was referred to their Insurance company. Notice of intention to defend was issued. The matter is currently not resolved.

38 231	38 231
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**52.2 I Gerber N.O and others / Garden Route DM and P McKenzie**

The Cape Town High Court issued a court order against Garden Route District Municipality. In terms of the said order each party is liable for its own costs in respect of the said Application. In addition the court ordered the Applicant to bring a court application on or before the 31st of July 2013, in order to review Garden Route DM's decision to lease Part 4 of the farm Woodville 172, Division George to Peter McKenzie (the second Respondent), which will have further cost implications for Garden Route DM. Lastly instructions were issued that a lease be drafted in the interim between the relevant parties. Garden Route District Municipality obtained an eviction order against Gerber. Gerber did not vacate the premises on the due date and awaiting court date from attorneys

21 840	21 840
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**52.3 Possible Dispute with B-Municipalities Regarding Properties Registered in Garden Route District**

No property disputes with B Municipalities as at 30 June 2019

-	17 400 000
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GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	R	R
<b>52.4 Andrew de Wet vs Garden Route District Municipality</b>		
Mr De Wet instituted a claim against Garden Route District Municipality. He drove through a pothole with his bicycle. He sustained serious head and facial injuries and damage to his bicycle. This matter was referred to the Insurance Company and to Province - awaiting feedback.	614 675	614 675
<b>52.5 Barry Louis Rae Trust / Farm Uitvlugt 269 Fire</b>		
Claim for damages as a result of the fire that spread (29 August until 1 September 2016). The matter is in process.	4 500 000	4 500 000
<b>52.6 Combined Summons: Laurington Sithemile Stone vs Garden Route DM</b>		
Car accident that occurred. This matter was referred to Province. Roads Department settled claim of R48 423,10 - finalised.	-	43 272
<b>52.7 Combined Summons: Banger Car Hire vs Garden Route DM</b>		
Car accident that occurred. This matter was referred to Province.	18 800	18 800
<b>52.8 Combined Summons between George Municipality, Garden Route District Municipality and D Stoffels</b>		
On 12 July 2017 the combined summons was received. On or about 1 September 2016 on the Jonkrus / De Vlucht Road a collision occurred between the Plaintiff's vehicle and CAW64439 driven by the second defendant in the course and scope of his employment with the First Defendant.	20 836	20 836
<b>52.9 Combined Summons between G Brown and Garden Route District Municipality</b>		
On 1 August 2017 we received the combined summons. On or about 16 August 2015, at or near Rheenendal Road, Phantom Acres damage occurred to the Plaintiff's Vehicle while driving through a pothole. This matter with the municipality's Insurance Company - in process.	31 032	31 032
<b>52.10 Combined Summons between Brenda Kraft and Garden Route District Municipality</b>		
This matter was referred to the Insurance Company and it appears that the municipality are not responsible for the maintenance of that road - in process.	415 264	-
<b>52.11 Isivuno Auctioneers: Summons</b>		
A summons was served on Isivuno for the outstanding amount of R223 574,84. Discovery Affidavit served on us for the MM's signature. Isivuno defending this matter – in process.	223 575	-
<b>52.12 Possible Property Dispute: Calitzdorp Spa - Prins Family</b>		
The Regional Land Claims Commissioner received a land-claim during 1998, just before the cut-off date of 31 December 1998 by the Prins family. Preliminary research conducted could not show any ownership rights for the family on the claimed properties. A site visit was conducted and subsequent thereto, the office (RLLC:WC) roped in the services of the NGI to assist in plotting the identified properties on a map. The map indicated the exact properties under claim. However, the nature of rights lost by the Prins family could not be ascertain from this process. Currently, the land claim is at research stage.		
<b>52.13 Portion of Portion 2 of Farm 238, Hooggekraal</b>		
Possible transfer to Mossel Bay Municipality as per Council Resolution and subject to transfer agreement being entered into between the Parties.	431 400	-
<b>52.14 Erf 99, Glentana</b>		
Possible transfer to Mossel Bay Municipality as per Council Resolution and subject to transfer agreement being entered into between the Parties.	4 021 781	-
<b>52.15 Labour disputes</b>		
The Labour Relations Section has the following disputes lodged for the financial year ended 30 June 2019. All disputes have not yet been finalised and only an estimation is made based on the claims put forth by the applicants and the possible outcomes as per the Code of Good Practice of the Labour Relations Act as amended.		
V Blom & Roode	350 000	500 000
L Janse van Rensburg & A Grobler	-	300 000
B Ntozini	70 000	-
N Ndabeni	50 000	-
IMATU obo Du Plessis & others	868 490	-
	<b>11 675 924</b>	<b>23 488 685</b>



		2019 R	2018 R
<b>53</b>	<b>RELATED PARTIES</b>		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
<b>53.1</b>	<b>Related Party Transactions</b>		
	The following purchases were made during the year where Councillors or staff have an interest:		
		<b>Transaction(s) value</b>	<b>Outstanding Balance</b>
	<b>Year ended 30 June 2019</b>		
	<b>IGB Trading</b>		
	NM Bourmeester's (Administrative Assistant Garden Route District Municipality) husband owns IGB Trading.	11 702	-
	<b>Shabby to Chick – Zingfontein Estates</b>		
	J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	2 000	7 809
	<b>R &amp; S Communications</b>		
	NW Jacobs's (Disaster Management Coordinator - Community Service - Garden Route District Municipality) and JG Otto's (Manager Disaster Management Community Service - Garden Route District Municipality), both their spouses works for R & S Communications.	521 987	-
	<b>2 Brothers Enterprise</b>		
	AY Miles's (Administrative Assistant - Garden Route District Municipality) uncle owns 2 Brothers Enterprise.	53 100	-
		<u>588 789</u>	<u>7 809</u>
		<b>Transaction(s) value</b>	<b>Outstanding Balance</b>
	<b>Year ended 30 June 2018</b>		
	<b>Mubesko Africa Pty (Ltd)</b>		
	B Holtzhausen (Garden Route District Municipality's Executive Manager Corporate Services) daughter works for Mubesko Africa (Pty) Ltd. Garden Route District Municipality received GRAP and mSCOA support services from Mubesko Africa.	949 856	486 643
	<b>Shabby to Chick – Zingfontein Estates</b>		
	J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	5 740	-
		<u>955 596</u>	<u>486 643</u>
<b>53.2</b>	<b>Related Party Loans</b>		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 8 to the Annual Financial Statements.		
<b>53.3</b>	<b>Compensation of key management personnel</b>		
	The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.		

**APPENDIX A  
GARDEN ROUTE DISTRICT MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
<b>LEASE LIABILITY</b>								
Office Equipment				-	-	-	-	-
Mobile Communication Devices	Prime	334621609	2020/06/14	1 448 088	-	212 074	(933 460)	726 702
<b>Total Lease Liabilities</b>				1 448 088	-	212 074	(933 460)	726 702
<b>TOTAL EXTERNAL LOANS</b>				<b>1 448 088</b>	<b>-</b>	<b>212 074</b>	<b>(933 460)</b>	<b>726 702</b>

Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
-	-
1 071 292	-
-	-
-	-
-	-

**APPENDIX B**  
**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
<b>National Government Grants</b>												
Equitable Share	-	-	-	151 237 120	-	-	(151 237 120)	-	-	-	-	-
Local Government Financial Management Grant	(1)	-	(1)	1 000 000	-	-	(1 000 000)	-	-	(1)	-	(1)
Municipal System Improvement Grant	-	-	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant	-	-	-	1 021 000	-	-	(1 021 000)	-	-	-	-	-
Energy Efficiency and Demand Side Management	4 987 120	-	4 987 120	-	-	(4 987 120)	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	381 288	(381 288)	-	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant <i>list</i>	-	-	-	2 425 000	-	-	(1 934 624)	-	(272 006)	218 370	218 370	-
<b>Total National Government Grants</b>	<b>5 368 407</b>	<b>(381 288)</b>	<b>4 987 119</b>	<b>155 683 120</b>	<b>-</b>	<b>(4 987 120)</b>	<b>(155 192 744)</b>	<b>-</b>	<b>(272 006)</b>	<b>218 369</b>	<b>218 370</b>	<b>(1)</b>
<b>Provincial Government Grants</b>												
Greenest Municipality Competition	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Disaster Grant	1 386 000	-	1 386 000	10 000 000	-	(1 386 000)	(7 902 712)	-	-	2 097 288	2 097 288	-
Bucket system Elimination Schools/Clinic	-	-	-	-	-	-	-	-	-	-	-	-
Integrated Transport Planning	900 000	-	900 000	900 000	-	-	(1 051 750)	-	(157 763)	590 488	590 488	-
Mandela Memorial Celebrations	-	-	-	-	-	-	-	-	-	-	-	-
Braille Project	-	-	-	-	-	-	-	-	-	-	-	-
Financial Management Support	78 213	-	78 213	2 090 000	-	(78 213)	(1 197 407)	-	(82 643)	809 950	809 950	-
DWA: Abstraction Validation on Bitou	-	-	-	-	-	-	-	-	-	-	-	-
Fire Services Capacity Building Grant	202 027	-	202 027	1 483 000	-	-	-	-	-	1 685 027	1 685 027	-
Safety Plan Implementation - (WOSA)	-	-	-	1 200 000	-	-	-	-	-	1 200 000	1 200 000	-
<b>Total Provincial Government Grants</b>	<b>2 566 240</b>	<b>-</b>	<b>2 566 240</b>	<b>15 673 000</b>	<b>-</b>	<b>(1 464 213)</b>	<b>(10 151 869)</b>	<b>-</b>	<b>(240 405)</b>	<b>6 382 753</b>	<b>6 382 753</b>	<b>-</b>
<b>Other Grant Providers</b>												
<i>Regional Bulk Infrastructure - Regional Landfill Site</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>LGESTA: Re-imbursments</i>	145 438	-	145 438	224 390	-	-	(77 324)	-	-	292 505	292 505	-
<i>Nelson Mandela Biosphere Reserve Project</i>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Grant Providers</b>	<b>145 438</b>	<b>-</b>	<b>145 438</b>	<b>224 390</b>	<b>-</b>	<b>-</b>	<b>(77 324)</b>	<b>-</b>	<b>-</b>	<b>292 505</b>	<b>292 505</b>	<b>-</b>
<b>Total Grants</b>	<b>8 080 085</b>	<b>(381 288)</b>	<b>7 698 797</b>	<b>171 580 510</b>	<b>-</b>	<b>(6 451 333)</b>	<b>(165 421 936)</b>	<b>-</b>	<b>(512 411)</b>	<b>6 893 627</b>	<b>6 893 628</b>	<b>(1)</b>
<b>Public Contributions</b>												
Knysna Relief Fund	339 711	-	339 711	-	-	-	(339 711)	-	-	-	-	-
<b>Total Public Contributions</b>	<b>339 711</b>	<b>-</b>	<b>339 711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(339 711)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

MUN - Reconciliation of Table A1 Budget Summary

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance (i.t.o. MFMA s28)	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>R thousands</b>												
<b>Financial Performance</b>												
Property rates	-	-	-	-		-	0,0%	0,0%				-
Service charges	-	-	-	-		-	0,0%	0,0%			0	-
Investment revenue	15 715	0	15 715	14 730		-	0,0%	0,0%				13 576
Transfers recognised - operational	158 885	13 550	172 435	166 274		-	0,0%	0,0%				154 142
Other own revenue	215 515	(1 020)	214 495	217 177		-	0,0%	0,0%				210 047
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>390 115</b>	<b>12 530</b>	<b>402 645</b>	<b>398 181</b>		-	<b>0,0%</b>	<b>0,0%</b>				<b>377 766</b>
Employee costs	133 669	6 865	140 534	220 800	-	-	0,0%	0,0%	-	-	-	204 452
Remuneration of councillors	11 572	361	11 933	11 053	-	-	0,0%	0,0%	-	-	-	10 981
Debt impairment	-	-	-	12 555	-	-	0,0%	0,0%	-	-	-	10 828
Depreciation & asset impairment	3 272	(100)	3 172	(14 796)	-	-	0,0%	0,0%	-	-	-	3 917
Finance charges	-	-	-	127	-	-	0,0%	0,0%	-	-	-	79
Materials and bulk purchases	185	(149)	36	-	-	-	0,0%	0,0%	-	-	-	-
Transfers and grants	-	-	-	2 356	-	-	0,0%	0,0%	-	-	-	2 304
Other expenditure	239 139	3 590	242 729	153 590	-	-	0,0%	0,0%	-	-	-	137 322
<b>Total Expenditure</b>	<b>387 838</b>	<b>10 566</b>	<b>398 403</b>	<b>385 685</b>	-	-	<b>0,0%</b>	<b>0,0%</b>	-	-	-	<b>369 883</b>
<b>Surplus/(Deficit)</b>	<b>2 278</b>	<b>1 964</b>	<b>4 242</b>	<b>12 495</b>			<b>0,0%</b>	<b>0,0%</b>				<b>7 883</b>
Transfers recognised - capital	-	-	-	-			0,0%	0,0%				-
Contributions recognised - capital & contributed assets	-	-	-	-			-	-				-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2 278</b>	<b>1 964</b>	<b>4 242</b>	<b>12 495</b>			<b>0,0%</b>	<b>0,0%</b>				<b>7 883</b>
Share of surplus/ (deficit) of associate	-	-	-	-			-	-				-
<b>Surplus/(Deficit) for the year</b>	<b>2 278</b>	<b>1 964</b>	<b>4 242</b>	<b>12 495</b>			<b>0,0%</b>	<b>0,0%</b>				<b>7 883</b>
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	-	3 483	3 483	-			0,0%	0,0%				-
Public contributions & donations	-	-	-	-			0,0%	0,0%				-
Borrowing	-	-	-	-			0,0%	0,0%				-
Internally generated funds	9 303	(2 163)	7 140	-			0,0%	0,0%				-
<b>Total sources of capital funds</b>	<b>9 303</b>	<b>1 320</b>	<b>10 623</b>	<b>-</b>			<b>0,0%</b>	<b>0,0%</b>				<b>-</b>
<b>Cash flows</b>												
Net cash from (used) operating	3 097	10 696	13 793	13 325			0,0%	0,0%				23 998
Net cash from (used) investing	(7 938)	(1 320)	(9 258)	(706)			0,0%	0,0%				(5 824)
Net cash from (used) financing	-	-	-	(721)			0,0%	0,0%				1 448
<b>Cash/cash equivalents at the year end</b>	<b>164 927</b>	<b>9 376</b>	<b>174 303</b>	<b>174 238</b>			<b>0,0%</b>	<b>0,0%</b>				<b>162 341</b>

MUN - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<b>Governance and administration</b>	211 013	21 258	232 271	212 305		-	0,0%	0,0%				198 054
Executive and council	209 608	21 993	231 601	212 048		-	0,0%	0,0%				197 164
Finance and administration	1 405	(735)	671	257		-	0,0%	0,0%				890
Internal audit	-	-	-	-		-	0,0%	0,0%				-
<b>Community and public safety</b>	8 041	(0)	8 041	9 993		-	0,0%	0,0%				8 836
Community and social services	-	-	-	-		-	0,0%	0,0%				-
Sport and recreation	7 821	(1)	7 820	8 896		-	0,0%	0,0%				8 620
Public safety	-	-	-	658		-	0,0%	0,0%				-
Housing	-	-	-	-		-	0,0%	0,0%				-
Health	221	1	221	439		-	0,0%	0,0%				216
<b>Economic and environmental services</b>	145 333	17 000	162 333	177 236		-	0,0%	0,0%				828
Planning and development	-	-	-	1 672		-	0,0%	0,0%				614
Road transport	145 000	17 000	162 000	175 080		-	0,0%	0,0%				-
Environmental protection	333	-	333	484		-	0,0%	0,0%				214
<b>Trading services</b>	25 728	(25 728)	-	835		-	0,0%	0,0%				-
Electricity	-	-	-	-		-	0,0%	0,0%				-
Water	-	-	-	-		-	0,0%	0,0%				-
Waste water management	-	-	-	-		-	0,0%	0,0%				-
Waste management	25 728	(25 728)	-	835		-	0,0%	0,0%				-
<b>Other</b>	-	-	-	-		-	0,0%	0,0%				-
<b>Total Revenue - Standard</b>	<b>390 115</b>	<b>12 530</b>	<b>402 645</b>	<b>400 370</b>		<b>-</b>	<b>0,0%</b>	<b>0,0%</b>				<b>207 718</b>

MUN - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Expenditure - Standard</b>												
<b>Governance and administration</b>	121 256	2 298	123 554	110 590	-	-	0,0%	0,0%	-	-	-	100 667
Executive and council	49 677	(5 533)	44 144	46 605	-	-	0,0%	0,0%	-	-	-	44 637
Finance and administration	69 211	7 648	76 860	61 485	-	-	0,0%	0,0%	-	-	-	53 336
Internal audit	2 368	182	2 550	2 500	-	-	0,0%	0,0%	-	-	-	2 694
<b>Community and public safety</b>	78 374	11 924	90 298	84 156	-	-	0,0%	0,0%	-	-	-	73 365
Community and social services	8 596	3 807	12 403	-	-	-	0,0%	0,0%	-	-	-	-
Sport and recreation	13 677	(910)	12 767	13 187	-	-	0,0%	0,0%	-	-	-	11 610
Public safety	29 149	6 139	35 288	36 421	-	-	0,0%	0,0%	-	-	-	29 761
Housing	-	-	-	-	-	-	0,0%	0,0%	-	-	-	-
Health	26 953	2 888	29 841	34 548	-	-	0,0%	0,0%	-	-	-	31 995
<b>Economic and environmental services</b>	161 155	17 704	178 859	210 331	-	-	0,0%	0,0%	-	-	-	23 748
Planning and development	9 236	(596)	8 640	6 204	-	-	0,0%	0,0%	-	-	-	18 765
Road transport	148 325	18 310	166 635	198 709	-	-	0,0%	0,0%	-	-	-	2 489
Environmental protection	3 595	(10)	3 585	5 418	-	-	0,0%	0,0%	-	-	-	2 494
<b>Trading services</b>	25 738	(20 720)	5 018	1 373	-	-	0,0%	0,0%	-	-	-	2 055
Electricity	18	(7)	10	-	-	-	0,0%	0,0%	-	-	-	-
Water	25 720	(20 713)	5 007	-	-	-	0,0%	0,0%	-	-	-	-
Waste water management	-	-	-	-	-	-	0,0%	0,0%	-	-	-	-
Waste management	-	-	-	1 373	-	-	0,0%	0,0%	-	-	-	2 055
<b>Other</b>	1 314	(640)	674	-	-	-	0,0%	0,0%	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>387 837</b>	<b>10 566</b>	<b>398 403</b>	<b>406 449</b>	<b>-</b>	<b>-</b>	<b>0,0%</b>	<b>0,0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199 835</b>
<b>Surplus/(Deficit) for the year</b>	<b>2 278</b>	<b>1 964</b>	<b>4 242</b>	<b>(6 080)</b>	<b>-</b>	<b>-</b>	<b>0,0%</b>	<b>0,0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 883</b>

MUN - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - Executive and Council	210 080	21 993	232 074	212 048		–	0,0%	0,0%				197 164
Vote 2 - Budget and Treasury Office		–		(11)		–	0,0%	0,0%				–
Vote 3 - Corporate Services	933	(735)	198	268		–	0,0%	0,0%				890
Vote 4 - Planning and Development		–		1 672		–	0,0%	0,0%				614
Vote 5 - Public Safety		–		658		–	0,0%	0,0%				–
Vote 6 - Health	221	1	221	439		–	0,0%	0,0%				216
Vote 7 - Community and Social Services		–		–		–	0,0%	0,0%				–
Vote 8 - Sport and Recreation	7 821	(1)	7 820	8 896		–	0,0%	0,0%				8 620
Vote 9 - Waste Management	25 728	(25 728)	–	835		–	0,0%	0,0%				–
Vote 10 - Roads Transport		–		–		–	0,0%	0,0%				–
Vote 11 - Waste Water Management		–		–		–	0,0%	0,0%				–
Vote 12 - Water		–		–		–	0,0%	0,0%				–
Vote 13 - Environment Protection	333	–	333	484		–	0,0%	0,0%				214
Vote 14 - Roads Agency Function	145 000	17 000	162 000	175 080		–	0,0%	0,0%				–
Vote 15 - Electricity		–		–		–	0,0%	0,0%				–
<b>Total Revenue by Vote</b>	<b>390 115</b>	<b>12 530</b>	<b>402 645</b>	<b>400 370</b>		<b>–</b>	<b>0,0%</b>	<b>0,0%</b>				<b>207 718</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Executive and Council	48 199	(1 218)	46 981	49 106	–	–	0,0%	0,0%	–	–	–	47 331
Vote 2 - Budget and Treasury Office	19 830	4 690	24 519	21 465	–	–	0,0%	0,0%	–	–	–	18 933
Vote 3 - Corporate Services	42 835	(1 625)	41 210	40 020	–	–	0,0%	0,0%	–	–	–	34 407
Vote 4 - Planning and Development	19 357	3 381	22 739	6 204	–	–	0,0%	0,0%	–	–	–	18 765
Vote 5 - Public Safety	34 829	6 541	41 369	36 421	–	–	0,0%	0,0%	–	–	–	29 756
Vote 6 - Health	31 454	2 127	33 581	34 548	–	–	0,0%	0,0%	–	–	–	31 995
Vote 7 - Community and Social Services	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Vote 8 - Sport and Recreation	13 677	(910)	12 767	13 187	–	–	0,0%	0,0%	–	–	–	11 610
Vote 9 - Waste Management	25 720	(20 713)	5 008	1 373	–	–	0,0%	0,0%	–	–	–	2 055
Vote 10 - Roads Transport	3 325	900	4 225	2 865	–	–	0,0%	0,0%	–	–	–	2 489
Vote 11 - Waste Water Management	18	(7)	10	–	–	–	0,0%	0,0%	–	–	–	–
Vote 12 - Water	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Vote 13 - Environment Protection	3 595	(10)	3 585	5 418	–	–	0,0%	0,0%	–	–	–	2 494
Vote 14 - Roads Agency Function	145 000	17 410	162 410	175 080	–	–	0,0%	0,0%	–	–	–	–
Vote 15 - Electricity	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
<b>Total Expenditure by Vote</b>	<b>387 838</b>	<b>10 566</b>	<b>398 403</b>	<b>385 685</b>	<b>–</b>	<b>–</b>	<b>0,0%</b>	<b>0,0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>199 835</b>
<b>Surplus/(Deficit) for the year</b>	<b>2 278</b>	<b>1 964</b>	<b>4 242</b>	<b>14 684</b>		<b>–</b>	<b>0,0%</b>	<b>0,0%</b>				<b>7 883</b>

**MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2018/19							2017/18				
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	-	-	-	-	-	-	0,0%	0,0%				-
Property rates - penalties & collection charges	-	-	-	-	-	-	0,0%	0,0%				-
Service charges - electricity revenue	-	-	-	-	-	-	0,0%	0,0%				-
Service charges - water revenue	-	-	-	-	-	-	0,0%	0,0%				-
Service charges - sanitation revenue	-	-	-	-	-	-	0,0%	0,0%				-
Service charges - refuse revenue	-	-	-	-	-	-	0,0%	0,0%				-
Service charges - other	-	-	-	-	-	-	0,0%	0,0%				-
Rental of facilities and equipment	2 718	1 128	3 846	1 682	-	-	0,0%	0,0%				792
Interest earned - external investments	15 715	0	15 715	12 306	-	-	0,0%	0,0%				11 937
Interest earned - outstanding debtors	897	0	897	2 424	-	-	0,0%	0,0%				1 639
Dividends received	-	-	-	-	-	-	0,0%	0,0%				-
Fines	-	-	-	-	-	-	0,0%	0,0%				-
Licences and permits	333	-	333	484	-	-	0,0%	0,0%				214
Agency services	19 022	2 040	21 062	17 244	-	-	0,0%	0,0%				-
Transfers recognised - operational	158 885	13 550	172 435	166 274	-	-	0,0%	0,0%				155 063
Other revenue	189 390	(5 032)	184 358	197 767	-	-	0,0%	0,0%				208 121
Gains on disposal of PPE	3 156	844	4 000	2 189	-	-	0,0%	0,0%				-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>390 115</b>	<b>12 530</b>	<b>402 645</b>	<b>400 370</b>		-	<b>0,0%</b>	<b>0,0%</b>				<b>377 766</b>
<b>Expenditure By Type</b>												
Employee related costs	133 669	6 865	140 534	220 800	-	-	0,0%	0,0%				204 452
Remuneration of councillors	11 572	361	11 933	11 053	-	-	0,0%	0,0%				10 981
Debt impairment	1 601	(0)	1 601	12 555	-	-	0,0%	0,0%				10 828
Depreciation & asset impairment	3 272	(100)	3 172	(14 796)	-	-	0,0%	0,0%				3 917
Finance charges	-	-	-	127	-	-	0,0%	0,0%				79
Bulk purchases	-	-	-	-	-	-	0,0%	0,0%				-
Other materials	185	(149)	36	-	-	-	0,0%	0,0%				-
Contracted services	60 636	(10 282)	50 354	32 674	-	-	0,0%	0,0%				26 978
Transfers and grants	-	-	-	-	-	-	0,0%	0,0%				2 304
Other expenditure	176 903	13 871	190 774	123 272	-	-	0,0%	0,0%				109 770
Loss on disposal of PPE	-	-	-	-	-	-	0,0%	0,0%				574
<b>Total Expenditure</b>	<b>387 838</b>	<b>10 566</b>	<b>398 403</b>	<b>385 685</b>		-	<b>0,0%</b>	<b>0,0%</b>				<b>369 883</b>



**MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description  R thousand	2018/19							2017/18				
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Surplus/(Deficit)</b>	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883
Transfers recognised - capital	-	-	-	-		-	0,0%	0,0%				-
Contributions recognised - capital	-	-	-	-		-	0,0%	0,0%				-
Contributed assets	-	-	-	-		-	0,0%	0,0%				-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883
Taxation	-	-	-	-		-	0,0%	0,0%				-
<b>Surplus/(Deficit) after taxation</b>	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883
Attributable to minorities	-	-	-	-		-	0,0%	0,0%				-
<b>Surplus/(Deficit) attributable to municipality</b>	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883
Share of surplus/ (deficit) of associate	-	-	-	-		-	0,0%	0,0%				-
<b>Surplus/(Deficit) for the year</b>	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883

**MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description  R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Executive and Council	30	-	30	162	-	-	0%	0%	-	-	-	-
Vote 2 - Budget and Treasury Office	42	-	42	135	-	-	0%	0%	-	-	-	-
Vote 3 - Corporate Services	1 368	1 060	2 428	2 580	-	-	0%	0%	-	-	-	-
Vote 4 - Planning and Development		-		218	-	-	0%	0%	-	-	-	-
Vote 5 - Public Safety	5 790	(1 040)	4 750	1 571	-	-	0%	0%	-	-	-	-
Vote 6 - Health	43	2 300	2 343	126	-	-	0%	0%	-	-	-	-
Vote 7 - Community and Social Services		-		-	-	-	0%	0%	-	-	-	-
Vote 8 - Sport and Recreation	2 000	(1 000)	1 000	517	-	-	0%	0%	-	-	-	-
Vote 9 - Waste Management		-		-	-	-	0%	0%	-	-	-	-
Vote 10 - Roads Transport		-		-	-	-	0%	0%	-	-	-	-
Vote 11 - Waste Water Management		-		-	-	-	0%	0%	-	-	-	-
Vote 12 - Water		-		-	-	-	0%	0%	-	-	-	-
Vote 13 - Environment Protection	30	-	30	-	-	-	0%	0%	-	-	-	-
Vote 14 - Roads Agency Function		-		-	-	-	0%	0%	-	-	-	-
Vote 15 - Electricity		-		-	-	-	0%	0%	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>9 303</b>	<b>1 320</b>	<b>10 623</b>	<b>5 308</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure</b>												
Vote 1 - Executive and Council	-	-	-	-	-	-	0%	0%	-	-	-	3 199
Vote 2 - Budget and Treasury Office	-	-	-	-	-	-	0%	0%	-	-	-	69
Vote 3 - Corporate Services	-	-	-	-	-	-	0%	0%	-	-	-	1 276
Vote 4 - Planning and Development	-	-	-	-	-	-	0%	0%	-	-	-	12
Vote 5 - Public Safety	-	-	-	-	-	-	0%	0%	-	-	-	507
Vote 6 - Health	-	-	-	-	-	-	0%	0%	-	-	-	253
Vote 7 - Community and Social Services	-	-	-	-	-	-	0%	0%	-	-	-	2
Vote 8 - Sport and Recreation	-	-	-	-	-	-	0%	0%	-	-	-	489
Vote 9 - Waste Management	-	-	-	-	-	-	0%	0%	-	-	-	373
Vote 10 - Roads Transport	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 11 - Waste Water Management	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 13 - Environment Protection	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 14 - Roads Agency Function	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 15 - Electricity	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Capital single-year expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 181</b>
<b>Total Capital Expenditure - Vote</b>	<b>9 303</b>	<b>1 320</b>	<b>10 623</b>	<b>5 308</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 181</b>

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital Expenditure - Standard</b>												
<i>Governance and administration</i>	-	-	-	-	-	-	0%	0%	-	-	-	4 544
Executive and council	-	-	-	-	-	-	0%	0%	-	-	-	3 199
Finance and administration	-	-	-	-	-	-	0%	0%	-	-	-	1 345
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
<i>Community and public safety</i>	-	-	-	-	-	-	0%	0%	-	-	-	1 251
Community and social services	-	-	-	-	-	-	0%	0%	-	-	-	2
Sport and recreation	-	-	-	-	-	-	0%	0%	-	-	-	489
Public safety	-	-	-	-	-	-	0%	0%	-	-	-	507
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
Health	-	-	-	-	-	-	0%	0%	-	-	-	253
<i>Economic and environmental services</i>	-	-	-	-	-	-	0%	0%	-	-	-	12
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	12
Road transport	-	-	-	-	-	-	0%	0%	-	-	-	-
Environmental protection	-	-	-	-	-	-	0%	0%	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	0%	0%	-	-	-	373
Electricity	-	-	-	-	-	-	0%	0%	-	-	-	-
Water	-	-	-	-	-	-	0%	0%	-	-	-	-
Waste water management	-	-	-	-	-	-	0%	0%	-	-	-	-
Waste management	-	-	-	-	-	-	0%	0%	-	-	-	373
<i>Other</i>	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	-	-	-	-	-	-	0%	0%	-	-	-	6 181
<b>Funded by:</b>												
National Government	-	-	-	-	-	-	0%	0%	-	-	-	-
Provincial Government	-	-	-	-	-	-	0%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	800	-	-	-	-	0%	0%	-	-	-	-
<b>Transfers recognised - capital</b>	-	800	-	-	-	-	0%	0%	-	-	-	-
<b>Public contributions &amp; donations</b>	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Borrowing</b>	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Internally generated funds</b>	-	-	-	5 308	-	-	0%	0%	-	-	-	6 181
<b>Total Capital Funding</b>	-	800	-	5 308	-	-	0%	0%	-	-	-	6 181

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>				377 132				371 669
Property rates, penalties and collection charges	-	-	-	-	-	0,0%	0,0%	-
Service charges	-	-	-	-	-	0,0%	0,0%	-
Other revenue	211 462	3 033	214 495	198 891	-	0,0%	0,0%	205 590
Government - operating	158 885	13 550	172 435	165 934	-	0,0%	0,0%	154 142
Government - capital	-	-	-	-	-	0,0%	0,0%	-
Interest	15 715	0	15 715	12 306	-	0,0%	0,0%	11 937
Dividends	-	-	-	-	-	0,0%	0,0%	-
<b>Payments</b>				(363 807)				(347 671)
Suppliers and employees	(382 965)	(5 887)	(388 852)	(361 324)	-	0,0%	0,0%	(345 288)
Finance charges	-	-	-	(127)	-	0,0%	0,0%	(79)
Transfers and Grants	-	-	-	(2 356)	-	0,0%	0,0%	(2 304)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>3 097</b>	<b>10 696</b>	<b>13 793</b>	<b>13 325</b>	<b>-</b>	<b>0,0%</b>	<b>0,0%</b>	<b>23 998</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>				4 602				(500)
Proceeds on disposal of PPE	3 156	-	3 156	6 334	-	0,0%	0,0%	-
Decrease (increase) in non-current debtors	-	-	-	(1 731)	-	0,0%	0,0%	(500)
Decrease (increase) other non-current receivables	(1 791)	-	(1 791)	-	-	0,0%	0,0%	-
Decrease (increase) in non-current investments	-	-	-	(1)	-	0,0%	0,0%	-
<b>Payments</b>				(5 308)				(5 324)
Capital assets	(9 303)	(1 320)	(10 623)	(5 308)	-	0,0%	0,0%	(5 324)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(9 303)</b>	<b>(1 320)</b>	<b>(10 623)</b>	<b>(706)</b>	<b>-</b>	<b>0,0%</b>	<b>0,0%</b>	<b>(5 824)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>				212				1 749
Short term loans	-	-	-	-	-	0,0%	0,0%	-
Borrowing long term/refinancing	-	-	-	212	-	0,0%	0,0%	1 749
Increase (decrease) in consumer deposits	-	-	-	-	-	0,0%	0,0%	-
<b>Payments</b>				(933)				(301)
Repayment of borrowing	-	-	-	(933)	-	0,0%	0,0%	(301)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(721)</b>	<b>-</b>	<b>0,0%</b>	<b>0,0%</b>	<b>1 448</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(6 206)</b>	<b>9 376</b>	<b>3 170</b>	<b>11 897</b>				<b>19 622</b>
Cash/cash equivalents at the year begin:	169 768		169 768	162 341				142 719
Cash/cash equivalents at the year end:	164 927	9 376	174 303	174 238	-	0,0%	0,0%	162 341