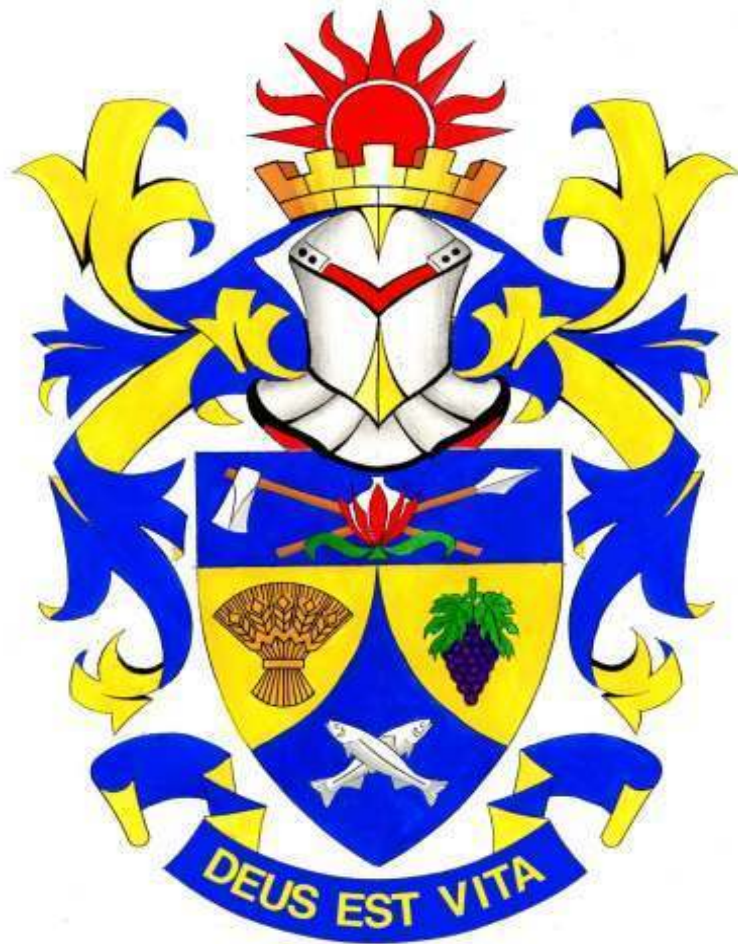


# **BERGRIVIER LOCAL MUNICIPALITY**



## **AUDITED ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2017**

# BERGRIVIER LOCAL MUNICIPALITY

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# BERGRIVIER LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Bergrivier Local Municipality performs the functions as set out in the Constitution of South Africa, 1996

### LEGAL FORM

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

### JURISDICTION

The Bergrivier Local Municipality includes the following areas:

Piketberg	Eendekuil	Aurora
Porterville	Redelinghuys	Wittewater
Velddrif	Dwarskersbos	Goedverwacht

### MEMBERS OF THE COUNCIL

Ward 1	Cllr J Daniels	
Ward 2	Cllr AJ Du Plooy	
Ward 3	Ald A De Vries	
Ward 4	Ald RM van Rooy	
Ward 5	Ald JJ Josephus	(Deceased - May 2017)
Ward 6	Cllr A Small	
Ward 7	Ald SM Crafford	
Proportional	Ald EB Manual	
Proportional	Cllr MA Wessels	
Proportional	Cllr SR Claassen	
Proportional	Ald SIJ Smit	
Proportional	Ald J Swart	
Proportional	Cllr SS Lesch	

### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Ald EB Manuel
Deputy Executive Mayor	Ald SM Crafford
Executive Councillor	Ald RM van Rooy
Executive Councillor	Cllr M Wessels

### MUNICIPAL MANAGER

Adv. H Linde

### CHIEF FINANCIAL OFFICER

Mr GJ Goliath

### AUDIT COMMITTEE

Mr S. Allie  
Mr C. de Jager  
Mr GN. Lawrence  
Ms KE. Montgomery  
Mr B. van Staaden

# BERGRIVIER LOCAL MUNICIPALITY

## GENERAL INFORMATION

### REGISTERED OFFICE

13 Church Street  
Piketberg

### POSTAL ADDRESS

PO Box 60  
Piketberg  
7320

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

ABSA Bank Limited

### ATTORNEYS

De Villiers Van Zyl  
Swemmer & Levin  
Jacques Ehlers Prokureurs

### RELEVANT LEGISLATION

Municipal Finance Management Act, (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act, (Act no 117 of 1998)  
Municipal Systems Act, (Act no 32 of 2000) as Amended  
Municipal Planning and Performance Management Regulations  
Water Services Act, (Act no 108 of 1997)  
Housing Act, (Act no 107 of 1997)  
Municipal Property Rates Act, (Act no 6 of 2004)  
Electricity Act, (Act no 41 of 1987)  
Skills Development Levies Act, (Act no 9 of 1999)  
Employment Equity Act, (Act no 55 of 1998)  
Unemployment Insurance Act, (Act no 30 of 1966)  
Basic Conditions of Employment Act, (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALGBC Leave Regulations  
Municipal Budget and Reporting Regulations  
National Environmental Management Act, (Act 62 of 2008)  
Preferential Procurement Policy Framework Act, (Act 5 of 2000)  
Occupational Health and Safety Act, (Act 85 of 1993)  
Public Office Bearers Act

# BERGRIVIER LOCAL MUNICIPALITY

## APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 78 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

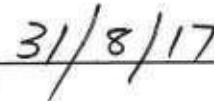
The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

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



Adv. H Linde  
Municipal Manager

Date



# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
		<b>163 627 347</b>	<b>138 939 791</b>
Cash and Cash Equivalents	2	82 080 490	65 659 520
Receivables from Exchange Transactions	3	46 437 958	39 650 460
Receivables from Non-Exchange Transactions	4	29 893 852	27 868 372
Taxes	5	977 292	998 051
Operating Lease Asset	6	62 129	75 601
Current Portion of Long-term Receivables	7	1 471 493	1 813 055
Inventory	8	2 704 134	2 874 733
<b>Non-Current Assets</b>			
		<b>356 919 374</b>	<b>348 911 347</b>
Long-term Receivables	7	1 064 264	1 943 360
Investment Property	9	12 840 805	12 860 805
Property, Plant and Equipment	10	339 323 976	331 609 650
Intangible Assets	11	3 236 318	2 043 520
Heritage Assets	12	454 012	454 012
<b>Total Assets</b>			
		<b>520 546 720</b>	<b>487 851 138</b>
<b>Current Liabilities</b>			
		<b>51 094 535</b>	<b>44 547 747</b>
Current Portion of Long-term Liabilities	13	4 536 359	3 651 399
Consumer Deposits	14	3 281 104	3 149 235
Payables from exchange transactions	15	33 017 704	27 540 649
Unspent Conditional Government Grants	16	445 431	1 124 152
Current Employee benefits	17	9 813 937	9 082 312
<b>Non-Current Liabilities</b>			
		<b>151 644 885</b>	<b>147 682 123</b>
Long-term Liabilities	13	50 268 008	48 401 248
Employee benefits	18	40 646 471	42 239 933
Non-Current Provisions	19	60 730 406	57 040 942
<b>Total Liabilities</b>			
		<b>202 739 420</b>	<b>192 229 870</b>
<b>NET ASSETS</b>			
		<b>317 807 300</b>	<b>295 621 269</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus		299 851 987	279 886 195
Capital Replacement Reserve	20	17 561 500	15 230 500
Housing Development Fund	20	393 813	504 574
		<b>317 807 300</b>	<b>295 621 269</b>

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>127 836 105</b>	<b>122 581 843</b>
<b>Taxation Revenue</b>		<b>56 638 655</b>	<b>52 508 447</b>
Property Rates	21	56 638 655	52 508 447
<b>Transfer Revenue</b>		<b>54 915 042</b>	<b>62 350 534</b>
Government Grants and Subsidies - Operating	22	42 606 968	42 690 962
Government Grants and Subsidies - Capital	22	12 308 074	19 659 572
<b>Other Revenue</b>		<b>16 282 408</b>	<b>7 722 862</b>
Insurance Receipts		162 797	7 148
Fines	23	9 779 747	7 446 785
Actuarial Gains	24	6 339 864	268 929
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>171 337 665</b>	<b>158 514 944</b>
<b>Operating Activities</b>		<b>171 337 665</b>	<b>158 514 944</b>
Service Charges	25	149 525 885	140 151 881
Rental of Facilities and Equipment	26	4 954 106	4 291 825
Interest Earned - external investments		5 819 571	4 296 966
Interest Earned - outstanding debtors		4 268 050	3 776 001
Agency Services		2 340 077	2 199 847
Licences and Permits	27	1 530 223	1 219 081
Other Income	28	2 899 754	2 510 796
Gain on disposal of Non-Monetary Assets	39	-	68 548
<b>TOTAL REVENUE</b>		<b>299 173 770</b>	<b>281 096 787</b>
<b>EXPENDITURE</b>			
Employee Related Costs	29	102 241 763	95 281 118
Remuneration of Councillors	30	5 358 968	5 281 515
Debt Impairment	31	12 789 307	8 173 994
Depreciation and Amortisation	32	19 372 439	17 513 800
Repairs and Maintenance	33	-	-
Actuarial Losses	34	-	885 426
Finance Charges	35	12 662 376	11 582 399
Bulk Purchases	36	80 493 562	73 029 500
Transfers and Grants	37	3 550 890	3 214 250
Other Expenditure	38	40 455 363	39 140 739
Loss on disposal of Non-Monetary Assets	39	63 071	-
<b>TOTAL EXPENDITURE</b>		<b>276 987 740</b>	<b>254 102 741</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>22 186 030</b>	<b>26 994 046</b>

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2017

	CAPITAL REPLACEMENT RESERVE R	HOUSING DEVELOPMENT FUND R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2015 - Previously Reported</b>	<b>12 172 050</b>	<b>551 987</b>	<b>256 182 139</b>	<b>268 906 176</b>
Correction of error restatement - refer to note 40.7	-	-	(278 955)	(278 955)
<b>Balance on 30 June 2015 - Restated</b>	<b>12 172 050</b>	<b>551 987</b>	<b>255 903 184</b>	<b>268 627 221</b>
Net Surplus for the year	-	-	26 994 047	26 994 047
Transfer to Capital Replacement Reserve	10 215 487	-	(10 215 487)	-
Property, Plant and Equipment purchased	(7 157 037)	-	7 157 037	-
Transfer to Housing Development Fund	-	(47 413)	47 413	-
<b>Balance on 30 June 2016 - Restated</b>	<b>15 230 500</b>	<b>504 574</b>	<b>279 886 195</b>	<b>295 621 269</b>
Net Surplus for the year	-	-	22 186 031	22 186 031
Transfer to Capital Replacement Reserve	12 266 447	-	(12 266 447)	-
Property, Plant and Equipment purchased	(9 935 447)	-	9 935 447	-
Transfer to Housing Development Fund	-	(110 761)	110 761	-
<b>Balance on 30 June 2017</b>	<b>17 561 500</b>	<b>393 813</b>	<b>299 851 987</b>	<b>317 807 300</b>



# BERGRIVIER LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		54 248 373	50 395 052
Service Charges and Interest on outstanding Debtors		145 254 265	139 640 956
Other Revenue		12 363 073	9 760 272
Government Grants		54 122 506	62 068 429
Investment Income		5 819 571	4 296 966
<b>Payments</b>			
Suppliers and employees		(221 356 910)	(210 718 758)
Finance charges		(6 011 840)	(5 798 289)
Transfer and Grants		(3 550 890)	(3 214 250)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>41</b>	<b>40 888 148</b>	<b>46 430 377</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of Property, Plant and Equipment		471 929	105 263
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(25 784 683)	(30 476 963)
Purchase of Intangible Assets		(2 038 015)	(1 204 244)
(Increase)/Decrease in Long-term Receivables		-	-
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(27 350 769)</b>	<b>(31 575 944)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New loans raised		6 750 000	6 130 000
Increase in Consumer Deposits		131 871	276 434
<b>Payments</b>			
Loans repaid		(3 998 280)	(3 945 373)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>2 883 590</b>	<b>2 461 061</b>
<b>NET INCREASE IN CASH HELD</b>		<b>16 420 970</b>	<b>17 315 494</b>
Cash and Cash Equivalents at the beginning of the year		65 659 520	48 344 026
Cash and Cash Equivalents at the end of the year		82 080 490	65 659 520

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	28 181 336	32 239 270	60 420 606	76 058 449	15 637 843
Call investment deposits	40 000 000	(34 000 000)	6 000 000	6 022 041	22 041
Consumer debtors	70 565 378	(6 481 603)	64 083 775	71 091 046	7 007 271
Other Receivables	3 892 700	747 909	4 640 609	6 280 184	1 639 575
Current portion of long-term receivables	-	-	-	1 471 493	1 471 493
Inventory	2 980 538	278 671	3 259 209	2 704 134	(555 076)
<b>Total current assets</b>	<b>145 619 952</b>	<b>(7 215 752)</b>	<b>138 404 200</b>	<b>163 627 346</b>	<b>25 223 147</b>
<b>Non current assets</b>					
Long-term receivables	2 219 806	1 450 190	3 669 996	1 064 264	(2 605 732)
Investment property	12 860 805	-	12 860 805	12 840 805	(20 000)
Property, plant and equipment	346 198 504	(4 754 243)	341 444 261	339 777 987	(1 666 273)
Intangible Assets	5 121 623	(1 068 103)	4 053 520	3 236 318	(817 202)
<b>Total non current assets</b>	<b>366 400 738</b>	<b>(4 372 156)</b>	<b>362 028 581</b>	<b>356 919 374</b>	<b>(5 109 208)</b>
<b>TOTAL ASSETS</b>	<b>512 020 690</b>	<b>(11 587 908)</b>	<b>500 432 781</b>	<b>520 546 720</b>	<b>20 113 939</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	-	3 927 025	3 927 025	4 536 359	609 334
Consumer deposits	3 195 809	4 191	3 200 000	3 281 104	81 104
Trade and other payables	43 775 390	(16 071 469)	27 703 922	33 463 135	5 759 213
Provisions and Employee Benefits	6 790 327	922 172	7 712 500	9 813 937	2 101 437
<b>Total current liabilities</b>	<b>53 761 527</b>	<b>(11 218 080)</b>	<b>42 543 446</b>	<b>51 094 535</b>	<b>8 551 088</b>
<b>Non current liabilities</b>					
Borrowing	54 983 950	(3 759 727)	51 224 223	50 268 008	(956 215)
Provisions and Employee Benefits	108 944 311	(756 300)	108 188 011	101 376 877	(6 811 134)
<b>Total non current liabilities</b>	<b>163 928 261</b>	<b>(4 516 027)</b>	<b>159 412 234</b>	<b>151 644 885</b>	<b>(7 767 349)</b>
<b>TOTAL LIABILITIES</b>	<b>217 689 788</b>	<b>(15 734 107)</b>	<b>201 955 681</b>	<b>202 739 420</b>	<b>783 739</b>
<b>NET ASSETS</b>	<b>294 330 902</b>	<b>4 146 199</b>	<b>298 477 101</b>	<b>317 807 300</b>	<b>19 330 200</b>
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus	278 699 415	4 723 612	283 423 027	299 851 987	16 428 959
Reserves	15 631 487	(577 413)	15 054 074	17 955 313	2 901 239
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>294 330 902</b>	<b>4 146 199</b>	<b>298 477 101</b>	<b>317 807 300</b>	<b>19 330 198</b>

Refer to note 43.2 for explanations of material variances.

Material variances are considered to be any variances greater than R2.5 million.

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>REVENUE</b>					
Property Rates	55 677 287	500 000	56 177 287	56 638 655	461 368
Service Charges - Electricity Revenue	100 386 243	2 290 000	102 676 243	94 360 008	(8 316 235)
Service Charges - Water Revenue	24 765 000	900 000	25 665 000	24 508 697	(1 156 303)
Service Charges - Sanitation Revenue	10 278 000	495 000	10 773 000	11 063 117	290 117
Service Charges - Refuse Revenue	17 111 000	1 130 000	18 241 000	18 639 127	398 127
Rental of Facilities and Equipment	4 242 000	466 000	4 708 000	4 982 060	274 060
Interest Earned - External Investments	3 200 000	1 300 000	4 500 000	5 819 571	1 319 571
Interest Earned - Outstanding Debtors	4 240 000	(190 000)	4 050 000	4 268 050	218 050
Fines	4 307 000	4 780 586	9 087 586	9 779 747	692 161
Licences and Permits	1 560 000	-	1 560 000	1 530 223	(29 777)
Agency Services	2 041 000	-	2 041 000	2 340 077	299 077
Transfers Recognised - Operational	67 211 000	(502 912)	66 708 088	43 193 875	(23 514 213)
Other Revenue	3 594 000	424 500	4 018 500	10 794 823	6 776 323
<b>Total Revenue (excluding capital transfers)</b>	<b>298 612 530</b>	<b>11 593 174</b>	<b>310 205 704</b>	<b>287 918 030</b>	<b>(22 287 674)</b>
<b>EXPENDITURE</b>					
Employee Related Costs	107 290 816	(454 887)	106 835 929	103 092 354	(3 743 575)
Remuneration of Councillors	4 861 000	450 000	5 311 000	5 358 968	47 968
Debt Impairment	8 795 197	6 203 544	14 998 741	12 789 307	(2 209 434)
Depreciation and Asset Impairment	18 539 000	(457 000)	18 082 000	19 372 439	1 290 439
Finance Charges	12 213 580	66 886	12 280 466	12 662 376	381 910
Bulk Purchases	75 397 000	5 620 000	81 017 000	80 493 562	(523 438)
Transfers and Grants	3 560 900	-	3 560 900	3 550 890	(10 010)
Other Expenditure	74 919 170	677 490	75 596 660	39 604 772	(35 991 888)
Loss on Disposal of PPE	-	-	-	63 071	63 071
<b>Total Expenditure</b>	<b>305 576 663</b>	<b>12 106 033</b>	<b>317 682 696</b>	<b>276 987 739</b>	<b>(40 694 957)</b>
<b>Surplus/(Deficit)</b>	<b>(6 964 133)</b>	<b>(512 859)</b>	<b>(7 476 992)</b>	<b>10 930 291</b>	<b>18 407 283</b>
Transfers Recognised - Capital	15 044 000	(3 467 088)	11 576 912	11 255 741	(321 171)
<b>Surplus/(Deficit) for the year</b>	<b>8 079 867</b>	<b>(3 979 947)</b>	<b>4 099 920</b>	<b>22 186 032</b>	<b>18 086 112</b>

Refer to note 43.3 for explanations of material variances.

Material variances are considered to be any variances greater than R2.5 million.

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>CASH FLOW STATEMENT</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates, penalties & collection charges	54 382 577	(452 382)	53 930 196	54 248 373	318 177
Service charges	148 025 443	3 035 590	151 061 033	145 254 265	(5 806 768)
Other revenue	11 467 598	1 326 836	12 794 434	12 363 073	(431 361)
Government	82 255 000	(3 970 000)	78 285 000	54 122 506	(24 162 494)
Interest	7 440 000	948 000	8 388 000	5 819 571	(2 568 429)
<b>Payments</b>					
Suppliers and Employees	(259 930 264)	(8 400 866)	(268 331 130)	(221 356 910)	46 974 220
Finance Charges	(12 213 580)	6 316 580	(5 897 000)	(6 011 840)	(114 840)
Transfers and Grants	(3 560 900)	-	(3 560 900)	(3 550 890)	10 010
<b>Net Cash from/(used) Operating Activities</b>	<b>27 865 875</b>	<b>(1 196 242)</b>	<b>26 669 633</b>	<b>40 888 148</b>	<b>14 218 515</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	-	-	-	471 929	471 929
Decrease/(Increase) in Other Non-Current Receivables	(367 150)	453 569	86 419	-	(86 419)
<b>Payments</b>					
Capital Assets	(32 478 000)	3 333 669	(29 144 331)	(27 822 698)	1 321 633
<b>Net Cash from/(used) Investing Activities</b>	<b>(32 845 150)</b>	<b>3 787 238</b>	<b>(29 057 912)</b>	<b>(27 350 769)</b>	<b>1 707 143</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing long term/refinancing	6 750 000	-	6 750 000	6 750 000	-
Increase/(Decrease) in Consumer Deposits	123 215	(72 450)	50 765	131 871	81 106
<b>Payments</b>					
Repayment of Borrowing	(3 822 817)	171 418	(3 651 399)	(3 998 280)	(346 882)
<b>Net Cash from/(used) Financing Activities</b>	<b>3 050 398</b>	<b>98 969</b>	<b>3 149 367</b>	<b>2 883 590</b>	<b>(265 776)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(1 928 877)</b>	<b>2 689 965</b>	<b>761 088</b>	<b>16 420 970</b>	<b>15 659 882</b>
Cash and Cash Equivalents at the year begin	70 110 214	(4 450 695)	65 659 520	65 659 520	-
Cash and Cash Equivalents at the year end	68 181 337	(1 760 729)	66 420 607	82 080 490	15 659 882

Refer to note 43.4 for explanations of material variances.

Material variances are considered to be any variances greater than R2.5 million.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### **1 ACCOUNTING POLICIES**

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

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

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

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

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

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

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

#### **1.02 TRANSITIONAL PROVISIONS**

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

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

#### **1.03 PRESENTATION CURRENCY**

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

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

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

#### **1.05 COMPARATIVE INFORMATION**

##### **1.05.1 Prior year comparatives**

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.05.2 Amended Accounting Policies

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

No significant amendments were made to the accounting policy in the current year.

### 1.06 MATERIALITY

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

### 1.07 BUDGET INFORMATION

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

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

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

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

#### 1.08.1 Effective dates determined

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

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

Standard	Description	Effective Date
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2017)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018
GRAP 106 (2017)	Transfer of Functions Between Entities Not Under Common Control	1 April 2018

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

Standard	Description	Effective Date
iGRAP 18 (2017)	Recognition and Derecognition of Land	1 April 2019

When the above-mentioned Interpretation of the Standards of GRAP becomes effective, the effect will be insignificant as the Municipality's current treatment is already in line with the interpretation's requirements and will only result in additional disclosure.

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

### 1.08.2 Effective dates not yet determined

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

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

#### 1.08.2.1 GRAP 18 - Segment Reporting (February 2011)

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

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

#### 1.08.2.2 GRAP 20 - Related Party Disclosure (June 2011)

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.

The Municipality resolved to develop an accounting policy as set out in note 1.35 and also adopt the disclosure requirements of this Standard.

The impact of this Standard on the financial statements will be minimal.

#### 1.08.2.3 GRAP 32 - Service Concession Arrangements: Grantor (August 2013)

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

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

#### 1.08.2.4 GRAP 34 - Separate Financial Statements (Original - March 2017)

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

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

#### 1.08.2.5 GRAP 35 - Consolidated Financial Statements (Original - March 2017)

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

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

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

### 1.08.2.7 GRAP 37 - Joint Arrangements (Original - March 2017)

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

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

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

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

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

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

### 1.08.2.9 GRAP 108 - Statutory Receivables (September 2013)

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

The Municipality resolved to develop an accounting policy as set out in note 1.2.

The impact of this Standard on the financial statements will be minimal.

### 1.08.2.10 GRAP 109 - Accounting by Principles and Agents (July 2015)

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

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

### 1.08.2.11 GRAP 110 - Living and Non-living Resources (Original - March 2017)

The objective of this Standard is to prescribe the:

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

Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

### 1.08.2.12 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (August 2015)

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

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



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.09 RESERVES

#### 1.09.1 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 following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

#### 1.09.2 Housing Development Fund (HDF)

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

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

- (a) The HDF is fully cash-backed.
- (b) The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Human Settlements.
- (c) Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

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

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

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

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

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

#### 1.10.2 Subsequent Measurement – Cost Model

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.10.3 Depreciation – Cost Model

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

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

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

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

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

	YEARS
Land	N/A

### 1.10.4 Impairment

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

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

### 1.10.5 Derecognition

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

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

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

## 1.11 PROPERTY, PLANT AND EQUIPMENT

### 1.11.1 Initial Recognition

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

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

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

### 1.11.2 Subsequent Measurement - Cost Model

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

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

### 1.11.3 Depreciation

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

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

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

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

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

	YEARS		YEARS
<b>Infrastructure</b>		<b>Community Assets (Continued)</b>	
Roads, Pavements, Bridges & Storm Water	5 - 50	Museums and Art Galleries	20 - 50
Electricity Network	5 - 50	Other	2 - 30
Water Network	3 - 100	Work in progress	N/A
Sewerage Network	5 - 100		
Refuse Sites	3 - 50	<b>Other Assets</b>	
Other	3 - 50	General Vehicles	2 - 10
Capital Restoration Costs	10	Specialised Vehicles	2 - 30
Work in progress	N/A	Plant & Equipment	2 - 30
<b>Community Assets</b>	20 - 30	Furniture and Other Office Equipment	5 - 30
Parks and Gardens	5 - 50	Civic Land and Buildings	5 - 100
Sportfields and Stadia	20 - 30	Other Land and Buildings	5 - 100
Community Halls	20 - 50	Other	3 - 15
Libraries	20 - 50	Leases	2 - 5
Recreational Facilities	20 - 50	Work in progress	N/A
Clinics	20 - 50		

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.11.4 Impairment

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

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

### 1.11.5 Derecognition

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

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

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

## 1.12 INTANGIBLE ASSETS

### 1.12.1 Initial Recognition

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

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

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

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

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

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

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

### 1.12.2 Subsequent Measurement - Cost Model

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.12.3 Amortisation

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

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

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

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

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

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

	Years
Computer Software	5 - 15

### 1.12.4 Impairment

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

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

### 1.12.5 Derecognition

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

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

## 1.13 HERITAGE ASSETS

### 1.13.1 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.

A heritage asset is recognised as an asset 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.

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.13.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

### 1.13.3 Depreciation

Heritage assets are not depreciated.

### 1.13.4 Impairment

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.

### 1.13.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits 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.

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

## 1.14 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

### 1.14.1 Recoverable amount of Cash-generating assets

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

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.14.3 Impairment loss

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

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

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

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

### 1.14.4 Reversal of an impairment loss

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

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

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

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

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

## 1.15 INVENTORIES

### 1.15.1 Initial Recognition

Inventories are assets:

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.15.2 Subsequent Measurement

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

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

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

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

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

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

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

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

### 1.16 EMPLOYEE BENEFITS

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

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

#### 1.16.1 Post-Retirement Benefits

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

##### 1.16.1.1 Multi-employer defined benefit plans

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

##### 1.16.1.2 Post Retirement Medical Benefits

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. The plan is unfunded.



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

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

### **1.16.2 Long-term Benefits**

#### **1.16.2.1 Long Service Awards**

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

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

### **1.16.3 Short-term Benefits**

#### **1.16.3.1 Staff Leave**

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

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

#### **1.16.3.2 Bonuses**

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

### **1.17 PROVISIONS**

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

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

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

### 1.18 LEASES

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

#### 1.18.1 Municipality as Lessee

##### 1.18.1.1 Finance Leases

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

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

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

##### 1.18.1.2 Operating leases

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

#### 1.18.2 Municipality as Lessor

##### 1.18.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (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 asset (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 in the Statement of Financial Performance.

##### 1.18.2.2 Operating Leases

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.19 FINANCIAL INSTRUMENTS

#### 1.19.1 Initial Recognition

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

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

#### 1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

#### 1.19.3 Impairment and uncollectability of financial assets

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

##### 1.19.3.1 *Financial assets measured at amortised cost*

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

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

##### 1.19.3.2 *Financial assets measured at cost*

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.19.4 Derecognition of financial instruments

#### 1.19.4.1 Financial assets

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

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

#### 1.19.4.2 Financial liabilities

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

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

### 1.19.5 Offsetting of financial instruments

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

## 1.20 STATUTORY RECEIVABLES

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

### 1.20.1 Initial Recognition

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

### 1.20.2 Subsequent Measurement

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

### 1.20.3 Impairment and uncollectability of statutory receivables

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.20.4 Derecognition

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

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

### 1.21 CASH AND CASH EQUIVALENTS

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

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

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

### 1.22 RECEIVABLES

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

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

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

### 1.23 TAXES (VALUE ADDED TAX)

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

### 1.24 PAYABLES AND ANNUITY LOANS

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

### 1.25 CONSUMER DEPOSITS

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.26 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

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

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

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

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

### 1.27 REVENUE

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

#### 1.27.1 Revenue from Non-Exchange Transactions

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

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

##### 1.27.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

##### 1.27.1.2 Transfer Revenue

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

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

##### 1.27.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment.

##### 1.27.1.4 Insurance Receipts

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.27.1.5 Unclaimed deposits

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

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

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

### 1.27.1.7 Services in-kind

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

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

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

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

### 1.27.1.8 Contributed Assets

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

## 1.27.2 Revenue from Exchange Transactions

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

### 1.27.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

### 1.27.2.2 Interest earned

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.27.2.3 Rental income

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

### 1.27.2.4 Income from Agency Services

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

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

### 1.27.2.5 Other Tariffs

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

### 1.27.2.6 Sale of goods

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

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

### 1.27.2.7 Deferred payment

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

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

## 1.28 BORROWING COSTS

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

## 1.29 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.

## 1.30 IRREGULAR EXPENDITURE

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



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.31 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.

### 1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

### 1.33 CAPITAL COMMITMENTS

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

### 1.34 EVENTS AFTER REPORTING DATE

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

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

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

### 1.35 RELATED PARTIES

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

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

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

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

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.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### 1.36.1 Application of Directive 7

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

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

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

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

#### 1.36.2 Impairment of Receivables

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

#### 1.36.3 Useful lives and residual values

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

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

#### 1.36.4 Impairment of non-monetary assets

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

#### 1.36.6 Provisions and Contingent Liabilities

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

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

#### 1.36.7 Financial assets and liabilities

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

#### 1.36.8 Revenue Recognition

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 2 CASH AND CASH EQUIVALENTS

Bank Accounts	76 050 999	60 024 814
Call Investment Deposits	6 022 041	5 627 255
Cash Floats	7 450	7 450
<b>Total</b>	<b>82 080 490</b>	<b>65 659 520</b>

Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	445 431	1 124 152
Unspent Borrowings	156 706	896 699
Capital Replacement Reserve	17 561 500	15 230 500
Cash portion of Housing Development Fund	393 813	504 574
Working Capital Requirements	63 523 040	47 903 595
<b>Total Cash and Cash Equivalents</b>	<b>82 080 490</b>	<b>65 659 520</b>

#### Bank Accounts

ABSA Bank Limited - Account Number 11-8056-0153 (Primary Bank Account):	76 036 250	59 996 637
ABSA Bank Limited - Account Number 91-2510-9603 (Traffic Account):	14 749	28 177
<b>Total</b>	<b>76 050 999</b>	<b>60 024 814</b>

Bank accounts consists out of the following accounts:

#### **ABSA Bank Limited - Account Number 11-8056-0153 (Primary Bank Account):**

Cash book balance at beginning of year	59 996 637	11 763 646
Cash book balance at end of year	76 036 250	59 996 637
Bank statement balance at beginning of year	60 434 220	10 871 548
Bank statement balance at end of year	74 863 003	60 434 220

#### **ABSA Bank Limited - Account Number 91-2510-9603 (Traffic Account):**

Cash book balance at beginning of year	28 177	6 650
Cash book balance at end of year	14 749	28 177
Bank statement balance at beginning of year	28 177	6 650
Bank statement balance at end of year	14 749	28 177

#### Call Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA - Cash Account - Account Number 92-9651-1113	6 022 041	5 627 255
	<b>6 022 041</b>	<b>5 627 255</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

#### Service Receivables

Electricity	13 382 459	11 305 182
Water	10 856 057	9 324 107
Housing Rentals	38 527	28 645
Refuse	14 288 226	10 890 531
Sewerage	9 574 563	7 386 480
Other	5 330 385	6 078 673

<b>Total Gross Balance</b>	<b>53 470 218</b>	<b>45 013 619</b>
----------------------------	-------------------	-------------------

Less: Allowance for Debt Impairment	(7 032 260)	(5 363 159)
-------------------------------------	-------------	-------------

<b>Total Net Receivable</b>	<b>46 437 958</b>	<b>39 650 460</b>
-----------------------------	-------------------	-------------------

As previously reported		38 148 665
------------------------	--	------------

Correction of error restatement - note 40.1		1 501 795
---	--	-----------

Restated balance		39 650 460
------------------	--	------------

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	5 363 159	3 994 600
--------------------------------------	-----------	-----------

Movement in the contribution to the provision	2 972 829	3 579 522
---	-----------	-----------

Bad Debts Written off	(1 303 728)	(2 210 963)
-----------------------	-------------	-------------

Balance at the end of the year	<b>7 032 260</b>	<b>5 363 159</b>
--------------------------------	------------------	------------------

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

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2017</b>			
<b>Service Receivables</b>			
Electricity	13 382 459	(1 863 702)	11 518 757
Water	10 856 057	(1 362 513)	9 493 544
Housing Rentals	38 527	-	38 527
Refuse	14 288 226	(2 127 066)	12 161 160
Sewerage	9 574 563	(1 586 479)	7 988 084
Other	5 330 385	(92 500)	5 237 885
<b>Total</b>	<b>53 470 218</b>	<b>(7 032 260)</b>	<b>46 437 958</b>
<b>30 June 2016</b>			
<b>Service Receivables</b>			
Electricity	11 305 182	(1 387 369)	9 917 813
Water	9 324 107	(1 056 277)	8 267 831
Housing Rentals	28 645	-	28 645
Refuse	10 890 531	(1 551 208)	9 339 323
Sewerage	7 386 480	(1 171 422)	6 215 058
Other	6 078 673	(196 883)	5 881 790
<b>Total</b>	<b>45 013 619</b>	<b>(5 363 159)</b>	<b>39 650 460</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing of Receivables from Exchange Transactions

##### Electricity

Current (0 - 30 days)	6 753 943	6 177 418
Past Due (31 - 60 Days)	832 967	712 577
Past Due (61 - 90 Days)	276 142	408 208
Past Due (90 Days +)	5 519 407	4 006 979
<b>Total</b>	<b>13 382 459</b>	<b>11 305 182</b>

##### Water

Current (0 - 30 days)	1 997 770	2 357 399
Past Due (31 - 60 Days)	937 767	787 433
Past Due (61 - 90 Days)	537 992	536 052
Past Due (90 Days +)	7 382 528	5 643 224
<b>Total</b>	<b>10 856 057</b>	<b>9 324 107</b>

##### Housing Rentals

Current (0 - 30 days)	2 977	3 532
Past Due (31 - 60 Days)	1 833	1 897
Past Due (61 - 90 Days)	1 627	1 352
Past Due (90 Days +)	32 091	21 865
<b>Total</b>	<b>38 527</b>	<b>28 645</b>

##### Refuse

Current (0 - 30 days)	1 768 225	1 602 112
Past Due (31 - 60 Days)	958 701	795 187
Past Due (61 - 90 Days)	590 294	539 119
Past Due (90 Days +)	10 971 006	7 954 113
<b>Total</b>	<b>14 288 226</b>	<b>10 890 531</b>

##### Sewerage

Current (0 - 30 days)	1 034 424	945 225
Past Due (31 - 60 Days)	529 879	500 149
Past Due (61 - 90 Days)	381 434	346 566
Past Due (90 Days +)	7 628 826	5 594 539
<b>Total</b>	<b>9 574 563</b>	<b>7 386 480</b>

##### Other

Current (0 - 30 days)	1 079 704	1 816 392
Past Due (31 - 60 Days)	(13 669)	(21 176)
Past Due (61 - 90 Days)	(51 706)	42 583
Past Due (90 Days +)	4 316 056	4 240 874
<b>Total</b>	<b>5 330 385</b>	<b>6 078 673</b>

#### Summary Ageing of all Receivables from Exchange Transactions

Current (0 - 30 days)	12 637 043	12 902 077
Past Due (31 - 60 Days)	3 247 478	2 776 067
Past Due (61 - 90 Days)	1 735 782	1 873 880
Past Due (90 Days +)	35 849 915	27 461 594
<b>Total</b>	<b>53 470 218</b>	<b>45 013 619</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

Figures in Rand

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

#### Service Receivables

Rates	31 157 103	29 741 293
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#### Other Receivables

	19 219 701	16 911 610
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Unpaid Traffic Fines	14 562 440	13 765 003
Suspense Debtors	3 693 555	3 146 607
Unpaid Grants	113 815	-
Department of Human Settlements	849 891	-

<b>Total Gross Balance</b>	<b>50 376 804</b>	<b>46 652 903</b>
----------------------------	-------------------	-------------------

Less: Allowance for Debt Impairment	(20 482 952)	(18 784 531)
-------------------------------------	--------------	--------------

<b>Total Net Receivable</b>	<b>29 893 852</b>	<b>27 868 372</b>
-----------------------------	-------------------	-------------------

As previously reported		28 137 577
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Correction of error restatement - note 40.2		(269 205)
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Restated balance		27 868 372
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Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	18 784 531	14 282 012
--------------------------------------	------------	------------

Movement in the contribution to the provision	10 062 026	4 748 165
---	------------	-----------

Bad Debts Written off	(8 363 605)	(245 646)
-----------------------	-------------	-----------

Balance at the end of the year	<b>20 482 952</b>	<b>18 784 531</b>
--------------------------------	-------------------	-------------------

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

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2017</b>			
<b>Service Receivables</b>			
Rates	31 157 103	(6 504 015)	24 653 088
<b>Other Receivables</b>			
Unpaid Traffic Fines	14 562 440	(13 978 937)	583 503
Suspense Debtors	3 693 555	-	3 693 555
Unpaid Grants	113 815	-	113 815
Department of Human Settlements	849 891	-	849 891
<b>Total</b>	<b>50 376 804</b>	<b>(20 482 953)</b>	<b>29 893 852</b>
<b>30 June 2016</b>			
<b>Service Receivables</b>			
Rates	29 741 293	(5 743 509)	23 997 784
<b>Other Receivables</b>			
Unpaid Traffic Fines	13 765 003	(13 041 022)	723 981
Suspense Debtors	3 146 607	-	3 146 607
<b>Total</b>	<b>46 652 903</b>	<b>(18 784 531)</b>	<b>27 868 371</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

<i>Figures in Rand</i>	2017	2016
<b>4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Ageing of Receivables from Non-Exchange Transactions</b>		
<b>Rates</b>		
Current (0 - 30 days)	4 206 027	6 320 767
Past Due (31 - 60 Days)	1 360 072	3 478 568
Past Due (61 - 90 Days)	674 755	972 159
Past Due (90 Days +)	24 916 249	18 969 799
<b>Total</b>	<b>31 157 103</b>	<b>29 741 293</b>
<b>5 TAXES</b>		
VAT Receivable/(Payable)	3 634 305	3 111 446
VAT Input in Suspense	2 996 500	2 581 222
VAT Output in Suspense - net	(5 653 513)	(4 694 617)
VAT Output in Suspense	(6 563 847)	(5 359 402)
Less: VAT on Allowance for Debt Impairment	910 333	664 785
<b>Total</b>	<b>977 292</b>	<b>998 051</b>
As previously reported		440 600
Correction of error restatement - note 40.3		580 319
Correction of error restatement - note 40.6		(22 868)
Restated balance		998 051
<b>Reconciliation of VAT on Allowance for Debt Impairment</b>		
Balance at beginning of year	664 785	511 092
Debt Impairment for current year	245 548	153 693
Balance at the end of the year	<b>910 333</b>	<b>664 785</b>
<b>6 OPERATING LEASES</b>		
<b>6.1 OPERATING LEASE ASSET</b>		
Operating Lease Asset	62 129	75 601
The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.		
<b>Reconciliation of Operating Lease Asset</b>		
Balance at the beginning of the year	75 601	81 069
Movement during the year	(13 472)	(5 468)
Balance at the end of the year	<b>62 129</b>	<b>75 601</b>
<b>The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.</b>		
Within 1 Year	691 819	682 989
Between 1 and 5 Years	750 249	1 442 068
After 5 Years	-	-
Total operating lease payments	<b>1 442 068</b>	<b>2 125 057</b>
This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
The leases are in respect of land and buildings being leased. Escalation between 7% and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.		
The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.		



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### LONG-TERM RECEIVABLES

Receivables with repayment arrangements	2 265 729	3 486 387
Individual Housing Loans	270 028	270 028
<b>Sub-Total</b>	<b>2 535 757</b>	<b>3 756 415</b>
Less: Current portion of Long-term Receivables	<b>1 471 493</b>	<b>1 813 055</b>
Receivables with repayment arrangements	1 314 493	1 656 055
Individual Housing Loans	157 000	157 000
<b>Total</b>	<b>1 064 264</b>	<b>1 943 360</b>

#### Receivables with repayment arrangements

Debtors amounting to R2 265 728 (2016 - R3 486 387) have arranged to settle their account over an re-negotiated period. Total payments to the value of R951 236 (2016 - R1 830 332) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

#### Individual Housing Loans

The loans were granted to facilitate housing schemes in the municipal area.

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### INVENTORY

Fuel	238 867	202 491
Water	122 559	91 127
Spare Parts	2 259 454	2 497 861
Unsold Properties held for resale	83 254	83 254
<b>Total</b>	<b>2 704 134</b>	<b>2 874 733</b>
As previously reported		3 059 295
Correction of error restatement - note 40.4		(184 561)
Restated balance		<b>2 874 733</b>

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

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	10 219	-
Inventory recognised as an expense during the year		
Fuel	3 104 513	2 738 775
Water	11 701 735	10 933 224
Spare parts	4 250 889	3 502 804
<b>Total</b>	<b>19 057 137</b>	<b>17 174 803</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

Figures in Rand

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### 9 INVESTMENT PROPERTY

Investment Property - Carrying Value

12 840 805

12 860 805

The carrying value of Investment Property is reconciled as follows:

#### Opening Carrying Value

**12 860 805**

**12 868 760**

Cost

12 860 805

12 868 760

Accumulated Depreciation

-

-

Accumulated Impairment

-

-

Transfer to Inventory

-

(7 955)

Disposals

(20 000)

-

#### Closing Carrying Value

**12 840 805**

**12 860 805**

Cost

12 840 805

12 860 805

Accumulated Depreciation

-

-

Accumulated Impairment

-

-

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.

Revenue derived from the rental of investment property

593 722

134 047

No operating expenditure was incurred on investment property during the 2016/17 and 2015/16 financial year.

### 10 PROPERTY, PLANT AND EQUIPMENT

Cost  
R

Accumulated  
Depreciation  
R

Accumulated  
Impairment  
R

Carrying  
Value  
R

#### 30 June 2017

Infrastructure

324 539 003

(98 546 570)

-

225 992 433

Community Assets

40 718 291

(12 509 868)

-

28 208 423

Other Assets

128 070 616

(42 947 497)

-

85 123 120

#### Total

493 327 910

(154 003 934)

-

339 323 976

#### 30 June 2016

Infrastructure

310 732 410

(86 354 378)

-

224 378 032

Community Assets

36 002 740

(11 268 064)

-

24 734 676

Other Assets

120 676 397

(38 179 454)

-

82 496 943

#### Total

467 411 547

(135 801 897)

-

331 609 650

As previously reported

331 937 917

Correction of error restatement - note 40.5

(328 267)

Restated balance

331 609 650

Repairs and maintenance incurred on Property, Plant and Equipment

8 562 453

8 086 388

The leased property, plant and equipment and the buildings are secured as set out in note 13.

The reconciliation of the carrying value of Property, Plant and Equipment is disclosed on the following page:

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
30 June 2017	R	R	R	R	R	R	R	R	R	R	R	
<b>Infrastructure</b>	<b>310 732 410</b>	<b>13 806 593</b>	-	-	-	<b>324 539 003</b>	<b>86 354 378</b>	<b>12 192 192</b>	-	-	<b>98 546 570</b>	<b>225 992 433</b>
Roads, Pavements, Bridges & Storm Water	58 921 998		-	-	2 472 717	61 394 714	23 142 217	2 497 497	-	-	25 639 714	35 755 001
Electricity Network	38 931 311	-	-	-	7 954 543	46 885 854	11 139 285	1 138 898	-	-	12 278 183	34 607 671
Water Network	56 346 238	-	-	-	18 434 425	74 780 662	15 647 950	2 442 494	-	-	18 090 445	56 690 218
Sewerage Network	71 533 280	-	-	-	534 890	72 068 170	14 056 380	2 735 911	-	-	16 792 291	55 275 879
Refuse Sites	8 521 139	-	-	-	-	8 521 139	4 465 193	375 139	-	-	4 840 332	3 680 807
Other	1 553 306	-	-	-	32 497	1 585 803	430 721	75 046	-	-	505 767	1 080 036
Capital Restoration Costs	42 845 626	971 864	-	-	-	43 817 490	17 472 631	2 927 207	-	-	20 399 838	23 417 652
Work in progress	32 079 512	12 834 729	-	-	(29 429 071)	15 485 170	-	-	-	-	-	15 485 170
<b>Community Assets</b>	<b>36 002 740</b>	<b>4 715 551</b>	-	-	-	<b>40 718 291</b>	<b>11 268 064</b>	<b>1 241 804</b>	-	-	<b>12 509 868</b>	<b>28 208 423</b>
Parks and Gardens	624 702	233 993	-	-	-	858 695	321 683	36 681	-	-	358 364	500 331
Sportfields and Stadia	8 810 367	38 760	-	-	-	8 849 127	3 016 993	298 140	-	-	3 315 133	5 533 994
Community Halls	1 479 318	-	-	-	-	1 479 318	675 894	49 309	-	-	725 203	754 116
Libraries	4 985 995	311 740	-	-	-	5 297 735	1 404 202	141 922	-	-	1 546 124	3 751 611
Recreational Facilities	14 585 579	413 527	-	-	-	14 999 107	4 971 367	485 013	-	-	5 456 380	9 542 727
Clinics	700 000	-	-	-	-	700 000	140 000	15 555	-	-	155 555	544 445
Museums and Art Galleries	1 575 630	96 382	-	-	-	1 672 012	524 006	46 991	-	-	570 998	1 101 015
Other	1 482 818	408 517	-	-	-	1 891 335	213 919	168 192	-	-	382 110	1 509 224
Work in progress	1 758 330	3 212 631	-	-	-	4 970 961	-	-	-	-	-	4 970 961
<b>Other Assets</b>	<b>120 676 397</b>	<b>8 234 403</b>	<b>(840 184)</b>	-	-	<b>128 070 616</b>	<b>38 179 454</b>	<b>5 543 226</b>	-	<b>(775 184)</b>	<b>42 947 497</b>	<b>85 123 120</b>
General Vehicles	10 927 770	936 669	-	-	-	11 864 438	7 938 937	786 274	-	-	8 725 211	3 139 227
Specialised Vehicles	5 035 353	1 274 515	-	-	-	6 309 868	2 856 382	369 821	-	-	3 226 202	3 083 666
Plant & Equipment	13 796 510	1 479 595	-	-	-	15 276 105	7 720 635	1 356 776	-	-	9 077 411	6 198 694
Furniture and Other Office Equipment	11 147 287	1 829 625	-	-	-	12 976 912	6 336 057	1 437 689	-	-	7 773 746	5 203 166
Civic Land and Buildings	24 322 313	-	-	-	-	24 322 313	5 420 483	748 709	-	-	6 169 192	18 153 121
Other Land and Buildings	51 195 267	58 507	(65 000)	-	-	51 188 774	5 344 207	460 284	-	-	5 804 492	45 384 282
Other	3 290 696	315 246	-	-	-	3 605 943	1 866 449	292 559	-	-	2 159 008	1 446 935
Leases	789 994	-	(775 184)	-	-	14 810	696 304	91 114	-	(775 184)	12 235	2 575
Work in progress - Municipal Buildings	171 207	2 340 245	-	-	-	2 511 453	-	-	-	-	-	2 511 453
	<b>467 411 547</b>	<b>26 756 547</b>	<b>(840 184)</b>	-	-	<b>493 327 910</b>	<b>135 801 897</b>	<b>18 977 221</b>	-	<b>(775 184)</b>	<b>154 003 934</b>	<b>339 323 976</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

#### Reconciliation of Carrying Value

30 June 2016

	Cost					Accumulated Depreciation and Impairment					Carrying Value	
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	
<b>Infrastructure</b>	<b>288 667 874</b>	<b>23 210 651</b>	<b>(1 146 115)</b>	-	-	<b>310 732 410</b>	<b>75 606 639</b>	<b>10 747 799</b>	-	<b>(60)</b>	<b>86 354 378</b>	<b>224 378 032</b>
Roads, Pavements, Bridges & Storm Water	56 023 598	-	-	-	2 898 400	58 921 998	20 864 100	2 278 117	-	-	23 142 217	35 779 781
Electricity Network	37 769 191	-	-	-	1 162 120	38 931 311	10 083 492	1 055 793	-	-	11 139 285	27 792 026
Water Network	51 676 130	-	(7 205)	-	4 677 313	56 346 238	14 107 392	1 540 618	-	(60)	15 647 950	40 698 287
Sewerage Network	68 753 964	-	-	-	2 779 315	71 533 280	11 426 664	2 629 716	-	-	14 056 380	57 476 899
Refuse Sites	8 428 192	-	-	-	92 947	8 521 139	4 100 087	365 105	-	-	4 465 193	4 055 946
Other	1 180 584	-	-	-	372 722	1 553 306	371 494	59 227	-	-	430 721	1 122 585
Capital Restoration Costs	43 984 536	-	(1 138 910)	-	-	42 845 626	14 653 410	2 819 222	-	-	17 472 631	25 372 995
Work in progress	20 851 679	23 210 651	-	-	(11 982 818)	32 079 512	-	-	-	-	-	32 079 512
<b>Community Assets</b>	<b>32 751 567</b>	<b>3 251 173</b>	-	-	-	<b>36 002 740</b>	<b>10 200 181</b>	<b>1 067 883</b>	-	-	<b>11 268 064</b>	<b>24 734 676</b>
Parks and Gardens	605 518	19 184	-	-	-	624 702	294 167	27 516	-	-	321 683	303 019
Sportfields and Stadia	8 203 245	607 122	-	-	-	8 810 367	2 721 334	295 659	-	-	3 016 993	5 793 374
Community Halls	1 479 318	-	-	-	-	1 479 318	626 585	49 309	-	-	675 894	803 425
Libraries	4 664 753	321 243	-	-	-	4 985 995	1 277 889	126 313	-	-	1 404 202	3 581 793
Recreational Facilities	14 549 705	35 874	-	-	-	14 585 579	4 505 948	465 419	-	-	4 971 367	9 614 212
Clinics	700 000	-	-	-	-	700 000	124 444	15 555	-	-	140 000	560 000
Museums and Art Galleries	1 575 630	-	-	-	-	1 575 630	479 815	44 192	-	-	524 006	1 051 624
Other	973 398	509 419	-	-	-	1 482 818	169 999	43 920	-	-	213 919	1 268 899
Work in progress	-	1 758 330	-	-	-	1 758 330	-	-	-	-	-	1 758 330
<b>Other Assets</b>	<b>116 696 926</b>	<b>4 196 739</b>	<b>(217 268)</b>	-	-	<b>120 676 397</b>	<b>33 004 881</b>	<b>5 362 270</b>	-	<b>(187 697)</b>	<b>38 179 454</b>	<b>82 496 943</b>
General Vehicles	10 472 895	454 875	-	-	-	10 927 770	7 133 173	805 764	-	-	7 938 937	2 988 832
Specialised Vehicles	5 035 353	-	-	-	-	5 035 353	2 365 433	490 949	-	-	2 856 382	2 178 972
Plant & Equipment	12 126 847	1 669 663	-	-	-	13 796 510	6 460 145	1 260 490	-	-	7 720 635	6 075 875
Furniture and Other Office Equipment	9 893 843	1 299 369	(45 924)	-	-	11 147 287	5 313 835	1 039 577	-	(17 354)	6 336 057	4 811 229
Civic Land and Buildings	24 260 445	61 868	-	-	-	24 322 313	4 677 961	742 522	-	-	5 420 483	18 901 830
Other Land and Buildings	51 028 658	167 609	(1 000)	-	-	51 195 267	4 902 412	441 796	-	-	5 344 207	45 851 059
Other	3 100 149	190 548	-	-	-	3 290 696	1 588 965	277 484	-	-	1 866 449	1 424 248
Leases	778 737	181 600	(170 343)	-	-	789 994	562 958	303 689	-	(170 343)	696 304	93 690
Work in progress - Municipal Buildings	-	171 207	-	-	-	171 207	-	-	-	-	-	171 207
	<b>438 116 367</b>	<b>30 658 563</b>	<b>(1 363 382)</b>	-	-	<b>467 411 547</b>	<b>118 811 702</b>	<b>17 177 952</b>	-	<b>(187 757)</b>	<b>135 801 897</b>	<b>331 609 650</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

**Figures in Rand**

	2017	2016
<b>11 INTANGIBLE ASSETS</b>		
Intangible Assets - Carrying Value	<u><b>3 236 318</b></u>	<u><b>2 043 520</b></u>
The carrying value of intangible Assets is reconciled as follows:		
<b>Opening Carrying Value</b>	<b>2 043 520</b>	<b>1 175 124</b>
Cost	2 822 983	2 223 231
Work in Progress	604 492	-
Accumulated Depreciation	(1 383 955)	(1 048 107)
Accumulated Impairment	-	-
Additions	199 976	599 752
Work in progress	1 388 039	604 492
Additions	1 838 039	604 492
Disposals	(450 000)	-
Amortisation	(395 218)	(335 848)
Disposal	-	-
Cost	-	-
Accumulated Depreciation	-	-
<b>Closing Carrying Value</b>	<b>3 236 318</b>	<b>2 043 520</b>
Cost	3 022 959	2 822 983
Work in Progress	1 992 531	604 492
Accumulated Depreciation	(1 779 173)	(1 383 955)
Accumulated Impairment	-	-

Work in progress is included in the carrying value of Intangible Assets. No amortisation is recognised against these amounts. The work in progress balance relates to the Phoenix (Vesta) Financial System and a GIS System which is in process of being implemented at the Municipality

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.

## 12 HERITAGE ASSETS

Heritage Assets - Carrying Value	<u><b>454 012</b></u>	<u><b>454 012</b></u>
----------------------------------	-----------------------	-----------------------

The carrying value of intangible Assets is reconciled as follows:

<b>Opening Carrying Value</b>	<b>454 012</b>	<b>454 012</b>
Cost	454 012	454 012
Accumulated Impairment	-	-
Movement	-	-
<b>Closing Carrying Value</b>	<b>454 012</b>	<b>454 012</b>
Cost	454 012	454 012
Accumulated Impairment	-	-

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

**Figures in Rand**

	2017	2016
<b>13 LONG-TERM LIABILITIES</b>		
Annuity Loans	54 801 548	51 953 649
Finance Lease Liabilities	2 819	98 998
<b>Sub-Total</b>	<b>54 804 367</b>	<b>52 052 647</b>
Less: Current portion of Long-term Liabilities	<b>4 536 359</b>	<b>3 651 399</b>
Annuity Loans	4 533 540	3 555 221
Finance Lease Liabilities	2 819	96 178
<b>Total</b>	<b>50 268 008</b>	<b>48 401 248</b>

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up	54 804 367	52 052 647
Used to finance Property, Plant and Equipment at cost	(54 647 661)	(51 155 948)
<b>Unspent Borrowings</b>	<b>156 706</b>	<b>896 699</b>

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

### Annuity Loans

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

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA (61001254)	15.00%	2018-06-30	264 298	492 955
DBSA (61000584)	9.98%	2016-12-31	-	194 988
DBSA (61003131)	16.50%	2020-12-31	444 358	532 160
DBSA (61001189)	14.00%	2017-09-30	101 032	283 680
Nedbank (05/7831032282)	11.27%	2023-06-12	2 822 906	3 127 274
DBSA (61000757)	9.86%	2018-12-31	1 407 657	2 239 360
DBSA (61001029)	12.41%	2030-06-30	15 169 656	15 624 567
DBSA (61006811)	11.53%	2031-06-30	3 580 297	3 680 151
DBSA (61006837)	11.59%	2036-06-30	8 449 251	8 569 354
DBSA (61006975)	11.33%	2032-06-30	3 648 431	3 738 743
Standard Bank (252933753)	11.95%	2024-06-30	5 527 289	6 010 645
Standard Bank (252933737)	11.25%	2019-06-30	934 125	1 329 772
ABSA (3044794458)	9.99%	2021-06-30	360 199	430 000
ABSA (3044701437)	10.57%	2026-06-12	5 342 049	5 700 000
ABSA (3046456438)	10.12%	2027-06-30	5 970 000	-
ABSA (3046456399)	9.77%	2022-06-30	780 000	-
<b>Total</b>			<b>54 801 548</b>	<b>51 953 649</b>

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	10 819 285	8 953 664
Payable within two to five years	36 073 574	33 557 108
Payable after five years	56 335 704	59 754 515
<b>Total amount payable</b>	<b>103 228 564</b>	<b>102 265 287</b>
Less: Outstanding Future Finance Charges	(48 427 016)	(50 311 638)
<b>Present value of annuity loans</b>	<b>54 801 548</b>	<b>51 953 649</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

**Figures in Rand**

**2017**

**2016**

**13 LONG-TERM LIABILITIES (CONTINUED)**

**Finance Lease Liabilities**

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

Description	Effective Interest rate	Maturity Date	Carrying Value of Liability	
Cellphones and Modems	Various	2018-02-28	2 819	98 998
<b>Total</b>			<b>2 819</b>	<b>98 998</b>

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 10.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

Payable within one year	2 906	102 792
Payable within two to five years	-	2 906
Payable after five years	-	-
<b>Total amount payable</b>	<b>2 906</b>	<b>105 697</b>
Less: Outstanding Future Finance Charges	(86)	(6 700)
<b>Present value of finance lease liabilities</b>	<b>2 819</b>	<b>98 998</b>

**14 CONSUMER DEPOSITS**

Water and Electricity Deposits

**3 281 104**

**3 149 235**

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

**15 PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	20 485 306	18 522 509
Retentions	610 684	629 509
Payments Received in Advance	2 533 879	2 715 138
Unused Pre-paid Electricity	559 902	490 744
Sundry Creditors	734 040	335 271
Sundry Deposits	1 239 401	975 456
Accrued Interest	20 302	37 963
Unknown Receipts	2 415 851	1 960 725
Department of Human Settlements	-	1 873 334
Goedverwacht Infrastructure Project	3 702 058	-
Witwatersrand Infrastructure Project	716 280	-
<b>Total</b>	<b>33 017 704</b>	<b>27 540 649</b>

As previously reported

27 507 525

Correction of error restatement - note 40.1

52 744

Correction of error restatement - note 40.3

166 593

Correction of error restatement - note 40.6

(186 212)

Restated balance

27 540 649

Payables are being recognised net of any discounts received.

The 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.

Sundry deposits include hall, builders and housing Deposits.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

**Figures in Rand**

**2017**

**2016**

**16 UNSPENT CONDITIONAL GOVERNMENT GRANTS**

National Government	371 484	991 527
Provincial Government	73 947	73 210
Other Grant Providers	-	59 415
<b>Total</b>	<b>445 431</b>	<b>1 124 152</b>

Detail reconciliations of all grants received and grant conditions met are included in note 22.

Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

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

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

**17 CURRENT EMPLOYEE BENEFITS**

Bonuses	2 683 906	2 513 358
Staff Leave	5 538 336	5 150 615
Current portion of Non-Current Employee Benefits - note 18	1 591 695	1 418 339
Post Retirement Medical Benefits	1 305 632	1 080 348
Long Service Awards	286 063	337 991
<b>Total</b>	<b>9 813 937</b>	<b>9 082 312</b>

The movement in current employee benefits are reconciled as follows:

**Bonuses**

Opening Balance	2 513 358	2 403 836
Contribution during the year	4 766 950	4 424 560
Payments made	(4 596 402)	(4 315 038)
Balance at the end of the year	<b>2 683 906</b>	<b>2 513 358</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

**Staff Leave**

Opening Balance	5 150 615	4 462 252
Contribution during the year	971 823	1 180 507
Payments made	(584 102)	(492 144)
Balance at the end of the year	<b>5 538 336</b>	<b>5 150 615</b>

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

**18 EMPLOYEE BENEFITS**

Post Retirement Medical Benefits	37 121 419	38 586 722
Long Service Awards	5 116 747	5 071 550
<b>Sub-Total</b>	<b>42 238 166</b>	<b>43 658 272</b>
Less: Current portion of Employee Benefits	<b>1 591 695</b>	<b>1 418 339</b>
Post Retirement Medical Benefits	1 305 632	1 080 348
Long Service Awards	286 063	337 991
<b>Total</b>	<b>40 646 471</b>	<b>42 239 933</b>



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

Figures in Rand

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### 18 EMPLOYEE BENEFITS (CONTINUED)

#### 18.1 Post Retirement Medical Benefits

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

Opening Balance	38 586 722	33 821 235
Contribution during the year	5 536 826	4 950 480
Current Service Cost	2 059 765	1 926 749
Interest Cost	3 477 061	3 023 731
Payments made	(1 153 759)	(1 070 419)
Actuarial Loss/(Gain)	(5 848 370)	885 426
Total balance at year-end	37 121 419	38 586 722
Less: Current portion	(1 305 632)	(1 080 348)
<b>Total</b>	<b>35 815 787</b>	<b>37 506 374</b>

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

In-service members	162	171
In-service non-members	239	205
Continuation members	30	28
<b>Total</b>	<b>431</b>	<b>404</b>

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2017	15 311 845	4 632 412	17 177 161	37 121 419
30 June 2016	19 070 202	4 091 768	15 424 752	38 586 722
30 June 2015	17 257 080	3 886 021	12 678 134	33 821 235
30 June 2014	15 045 458	3 250 734	11 543 941	29 840 133
30 June 2013	10 732 043	2 383 705	10 524 477	23 640 225

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2017	(727 000)	-
30 June 2016	773 000	-
30 June 2015	448 000	-
30 June 2014	2 123 000	-
30 June 2013	840 000	-

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

Bonitas  
LA Health  
Hosmed  
Samwumed  
Keyhealth

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

Figures in Rand

2017

2016

### 18 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

#### i) Interest Rates

Discount rate	9.71%	9.14%
Health Care Cost Inflation Rate	7.99%	8.22%
Net Effective Discount Rate	1.60%	0.85%

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

#### ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

#### iii) Normal Retirement Age

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

#### iv) Last Valuation

The last valuation was performed on 4 August 2017.

#### v) Actuarial Valuation Method

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

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

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	19 944 257	17 177 161	37 121 418	
Health care inflation ( + 1% )	24 555 000	19 039 000	43 594 000	17%
Health care inflation ( - 1% )	16 331 000	15 583 000	31 914 000	-14%
Discount rate ( + 1% )	16 410 000	15 619 000	32 029 000	-14%
Discount rate ( - 1% )	24 520 000	19 026 000	43 546 000	17%
Post-retirement mortality ( - 1 year )	20 606 000	17 795 000	38 401 000	3%
Average retirement age ( - 1 year )	21 959 000	17 177 000	39 136 000	5%
Continuation of membership after retirement ( - 10% )	16 390 000	17 177 000	33 567 000	-10%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2016/17	2 059 765	3 477 061	5 536 826	
Health care inflation ( + 1% )	2 591 800	4 121 700	6 713 500	21%
Health care inflation ( - 1% )	1 650 700	2 961 300	4 612 000	-17%
Discount rate ( + 1% )	1 672 100	3 294 200	4 966 300	-10%
Discount rate ( - 1% )	2 568 700	3 671 200	6 239 900	13%
Post-retirement mortality ( - 1 year )	2 135 300	3 608 800	5 744 100	4%
Average retirement age ( - 1 year )	2 218 800	3 689 100	5 907 900	7%
Continuation of membership after retirement ( - 10% )	1 714 000	3 133 900	4 847 900	-12%

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 18 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Current Service		Total Cost (R)	% change
	Cost (R)	Interest Cost (R)		
Estimated for 2017/18	1 873 400	3 544 100	5 417 500	
Health care inflation ( + 1% )	2 358 000	4 172 600	6 530 600	17%
Health care inflation ( - 1% )	1 500 400	3 038 500	4 538 900	-16%
Discount rate ( + 1% )	1 522 200	3 363 500	4 885 700	-10%
Discount rate ( - 1% )	2 332 800	3 739 000	6 071 800	12%
Post-retirement mortality ( - 1 year )	1 935 600	3 668 400	5 604 000	3%
Average retirement age ( - 1 year )	1 998 900	3 739 800	5 738 700	6%
Continuation of membership after retirement ( - 10% )	1 525 600	3 198 800	4 724 400	-13%

### 18.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance		5 071 550	4 981 620
Contribution during the year		889 028	822 052
Current Service Cost		463 903	439 518
Interest Cost		425 125	382 534
Payments made		(352 337)	(463 193)
Actuarial Loss/(Gain)		(491 494)	(268 929)
Total balance at year-end		<b>5 116 747</b>	<b>5 071 550</b>
Less: Current portion		(286 063)	(337 991)
<b>Total</b>		<b>4 830 684</b>	<b>4 733 559</b>

The Long Service Awards plans are defined benefit plans.

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

385

376

#### The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Unfunded Liability R
30 June 2017	5 116 747
30 June 2016	5 071 550
30 June 2015	4 981 620
30 June 2014	4 474 426
30 June 2013	3 997 308

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

#### Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2017	(198 919)	-
30 June 2016	(128 533)	-
30 June 2015	310 047	-
30 June 2014	79 054	-
30 June 2013	26 306	-

# BERGRIVIER LOCAL MUNICIPALITY

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### 18 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

#### i) Interest Rates

Discount rate	8.56%	8.67%
General Salary Inflation (long-term)	6.38%	7.31%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.05%	1.26%

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

#### ii) Last Valuation

The last valuation was performed on 4 August 2017.

#### iii) Actuarial Valuation Method

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

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation ( + 1%)	5 116 747	5 488 000	7%
General salary inflation ( - 1%)	5 116 747	4 782 000	-7%
Discount rate ( + 1%)	5 116 747	4 769 000	-7%
Discount rate ( - 1%)	5 116 747	5 510 000	8%
Average retirement age ( - 2 years )	5 116 747	4 364 000	-15%
Average retirement age ( + 2 years )	5 116 747	5 783 000	13%
Withdrawal rates ( - 50%)	5 116 747	6 074 000	19%

#### Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2017/18	448 700	425 900	874 600	
General salary inflation ( + 1%)	489 200	457 700	946 900	8%
General salary inflation ( - 1%)	412 900	397 300	810 200	-7%
Discount rate ( + 1%)	415 700	442 500	858 200	-2%
Discount rate ( - 1%)	486 600	405 800	892 400	2%
Average retirement age ( - 2 years )	396 200	361 500	757 700	-13%
Average retirement age ( + 2 years )	503 000	482 100	985 100	13%
Withdrawal rates ( - 50%)	594 400	507 800	1 102 200	26%

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 18 EMPLOYEE BENEFITS (CONTINUED)

#### 18.3 Other Pension Benefits

##### Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	590 953	591 180
---	---------	---------

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 106.1% (30 June 2015 - 102.4%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	7 728 092	7 138 373
--	-----------	-----------

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100.6% (30 June 2015 - 100.4%).

<b>Total</b>	<b>8 319 045</b>	<b>7 729 553</b>
--------------	------------------	------------------

Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the 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 LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

##### Defined Contribution Plans

Council contributes to the following defined contribution plans:

Municipal Councillors Pension Fund	176 174	230 638
SAMWU National Provident Fund	2 024 266	2 022 718

<b>Total</b>	<b>2 200 440</b>	<b>2 253 356</b>
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The retirement benefit funds are 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.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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	2017	2016
<b>19 NON-CURRENT PROVISIONS</b>		
Provision for Rehabilitation of Landfill-sites	<u>60 730 406</u>	<u>57 040 942</u>
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	57 040 942	55 933 814
Contribution during the year	3 720 214	1 238 935
Increase/(Decrease) in estimate	971 864	(1 138 910)
Interest Cost	2 748 350	2 377 845
Expenditure incurred	(30 749)	(131 807)
<b>Total</b>	<u><b>60 730 406</b></u>	<u><b>57 040 942</b></u>

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions	Estimated Decommission Date	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Porterville	55 022m <sup>2</sup>	2025	25 409 821	23 861 471
Piketberg	57 000m <sup>2</sup>	2025	28 164 509	26 448 669
Aurora	7 370m <sup>2</sup>	2025	4 793 030	4 505 127
Redelinghuys	1 340m <sup>2</sup>	2025	2 363 045	2 225 675
<b>Total</b>			<u><b>60 730 406</b></u>	<u><b>57 040 942</b></u>

Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Porterville	2025	36 804 606	35 004 937
Piketberg	2025	40 794 607	38 800 373
Aurora	2025	6 942 417	6 609 051
Redelinghuys	2025	3 422 729	3 265 080
<b>Total</b>		<u><b>87 964 359</b></u>	<u><b>83 679 441</b></u>

## 20 RESERVES

Capital Replacement Reserve	17 561 500	15 230 500
Housing Development Fund	393 813	504 574
<b>Total</b>	<u><b>17 955 313</b></u>	<u><b>15 735 074</b></u>

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

The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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	2017	2016
<b>21</b>	<b>PROPERTY RATES</b>	
	Rateable Land and Buildings	60 109 276
	Less: Rebates	(3 470 622)
	<b>Total</b>	<b>56 638 655</b>
		<b>52 508 447</b>
	<b>Property rate levied are based on the following rateable valuations:</b>	
	Residential Property	4 036 031 000
	Commercial Property	596 226 000
	Industrial Property	237 426 000
	Public Benefits Organisations	239 351 000
	Agricultural Purposes	3 172 035 200
	State - National/ Provincial Services	4 670 000
	Municipal Property	79 636 000
	<b>Total Valuation</b>	<b>8 365 375 200</b>
		<b>8 227 313 200</b>
	<b>Rate that is applicable to the valuations above:</b>	
	Residential	1.032c/R
	Commercial/Industrial	1.135c/R
	Agricultural	0.258c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 22 GOVERNMENT GRANTS AND SUBSIDIES

#### Unconditional Grants - National Government

33 319 000

30 454 000

Equitable Share

33 319 000

30 454 000

#### Conditional Grants - National Government

14 120 042

24 123 276

Finance Management Grant (FMG)

1 475 000

1 450 000

Municipal Systems Improvement Grant (MSIG)

-

940 000

Municipal Infrastructure Grant (MIG)

9 190 558

13 894 511

Expanded Public Works Programme (EPWP)

1 141 000

1 070 000

Integrated National Electrification Programme (INEP)

2 313 485

2 315 031

Accelerated Community Infrastructure Programme (ACIP)

-

4 453 734

#### Conditional Grants - Provincial Government

6 970 171

7 293 451

Housing

-

-

CDW Contribution

23 053

36 000

Housing Consuming Education

-

3 880

Finance Management Grant (Provincial)

73 210

1 041 232

Proclaimed Roads

73 907

82 339

Municipal Performance Management Allocation

-

200 000

Library Services

6 680 000

5 930 000

External Bursary Programme

120 000

-

Local Government Graduate Internship Allocation

-

-

#### Conditional Grants - Other Grant Providers

505 829

479 807

Cerebos Ltd

160 402

71 549

Chieta

72 828

122 172

LG Seta

272 599

286 086

#### Total

54 915 042

62 350 534

Disclosed as:

Government Grants and Subsidies - Operating

42 606 968

42 690 962

Government Grants and Subsidies - Capital

12 308 074

19 659 572

#### Total

54 915 042

62 350 534

Grants per Vote (MFMA Sec 123 (c)):

Equitable share

32 899 000

30 454 000

Vote 1 - Municipal Manager

443 053

425 290

Vote 2 - Finance

1 548 210

2 301 942

Vote 3 - Corporate Services

7 145 427

7 278 258

Vote 4 - Technical Services

12 879 352

21 891 044

#### Total

54 915 042

62 350 534

The movements per grant can be summarised as follows:

#### 22.01 Equitable Share

Opening Unspent Balance

-

-

Grants Received

33 319 000

30 454 000

Transferred to Revenue - Operating

(33 319 000)

(30 454 000)

Transferred to Revenue - Capital

-

-

Other Movements

-

-

Closing Unspent Balance

-

-

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



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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	2017	2016
<b>22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>22.02 Finance Management Grant (FMG)</b>		
Opening Unspent Balance	-	-
Grants Received	1 475 000	1 450 000
Transferred to Revenue - Operating	(763 256)	(1 000 000)
Transferred to Revenue - Capital	(711 744)	(450 000)
Other Movements	-	-
Closing Unspent Balance	-	-
The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial		
<b>22.03 Municipal Systems Improvement Grant (MSIG)</b>		
Opening Unspent Balance	-	-
Grants Received	-	940 000
Transferred to Revenue - Operating	-	(340 000)
Transferred to Revenue - Capital	-	(600 000)
Other Movements	-	-
Closing Unspent Balance	-	-
The MSIG is a conditional grant used to build in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>22.04 Municipal Infrastructure Grant (MIG)</b>		
Opening Unspent Balance	306 558	1 348 069
Grants Received	8 884 000	12 853 000
Transferred to Revenue - Operating	(621 558)	(2 111 376)
Transferred to Revenue - Capital	(8 569 000)	(11 783 135)
Other Movements	-	-
Closing Unspent Balance	-	306 558
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
<b>22.05 Expanded Public Works Programme (EPWP)</b>		
Opening Unspent Balance	-	-
Grants Received	1 141 000	1 070 000
Transferred to Revenue - Operating	(1 141 000)	(1 070 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
<b>22.06 Integrated National Electrification Programme (INEP)</b>		
Opening Unspent Balance	684 969	-
Grants Received	2 000 000	3 000 000
Transferred to Revenue - Operating	(284 112)	-
Transferred to Revenue - Capital	(2 029 372)	(2 315 031)
Other Movements	-	-
Closing Unspent Balance	371 484	684 969
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

#### 22.07 Accelerated Community Infrastructure Programme (ACIP)

Opening Unspent Balance	-	-
Grants Received	-	4 453 734
Transferred to Revenue - Operating	-	(547 328)
Transferred to Revenue - Capital	-	(3 906 406)
Other Movements	-	-
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>

The ACIP grant is a conditional grant utilised for the construction of water and sanitation infrastructure.

#### 22.08 Housing

Opening Unspent Balance	-	(80 770)
Grants Received	-	80 770
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>

Housing grants was utilised for the development of erven and the erection of top structures.

#### 22.09 CDW Contribution

Opening Unspent Balance	-	-
Grants received	37 000	36 000
Transferred to Revenue - Operating	(23 053)	(36 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>13 947</u>	<u>-</u>

The CDW Contribution was used to finance the activities of Community Development Workers.

#### 22.10 Housing Consuming Education

Opening Unspent Balance	-	3 880
Grants received	-	-
Transferred to Revenue - Operating	-	(3 880)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>

The Housing Consuming Education Grant was used for public awareness programs.

#### 22.11 Finance Management Grant (Provincial)

Opening Unspent Balance	73 210	51 942
Grants received	-	1 062 500
Transferred to Revenue - Operating	(73 210)	(1 041 232)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>73 210</u>

The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain databases cleansing, risk management and internal audit services.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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**22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

**22.12 Proclaimed Roads**

Opening Unspent Balance	-	-
Grants received	73 907	82 339
Transferred to Revenue - Operating	(73 907)	(82 339)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
	-	-
Closing Unspent Balance	-	-
	-	-

The grant was used for maintenance of provincial roads.

**22.13 Municipal Performance Management Allocation**

Opening Unspent Balance	-	-
Grants received	-	200 000
Transferred to Revenue - Operating	-	(200 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
	-	-
Closing Unspent Balance	-	-
	-	-

The grant was used for transport to Nelson Mandela memorial service in Cape Town.

**22.14 Library Services**

Opening Unspent Balance	-	-
Grants Received	6 680 000	5 930 000
Transferred to Revenue - Operating	(5 842 444)	(5 325 000)
Transferred to Revenue - Capital	(837 556)	(605 000)
Other Movements	-	-
	-	-
Closing Unspent Balance	-	-
	-	-

The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.

**22.15 External Bursary Programme**

Opening Unspent Balance	-	-
Grants Received	120 000	-
Transferred to Revenue - Operating	(120 000)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
	-	-
Closing Unspent Balance	-	-
	-	-

The purpose of the grant is to develop financial human capacity within the municipal areas to enable sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

**22.16 Local Government Graduate Internship Allocation**

Opening Unspent Balance	-	-
Grants Received	60 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
	-	-
Closing Unspent Balance	60 000	-
	60 000	-

This grant will be utilised for the recruitment of interns.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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		2017	2016
<b>22</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
	<b>22.17 Cerebos Ltd</b>		
	Opening Unspent Balance	46 587	83 136
	Grants Received	-	35 000
	Transferred to Revenue - Operating	-	(71 549)
	Transferred to Revenue - Capital	(160 402)	-
	Other Movements	113 815	-
	Closing Unspent Balance	<u>-</u>	<u>46 587</u>
	This grant is for the developing of a sport field at Piketberg.		
	<b>22.18 Chieta</b>		
	Opening Unspent Balance	12 828	-
	Grants Received	60 000	135 000
	Transferred to Revenue - Operating	(72 828)	(122 172)
	Transferred to Revenue - Capital	-	-
	Other Movements	-	-
	Closing Unspent Balance	<u>-</u>	<u>12 828</u>
	This grant is for the training and development of municipal officials		
	<b>22.19 LG Seta</b>		
	Opening Unspent Balance	-	-
	Grants Received	272 599	286 086
	Transferred to Revenue - Operating	(272 599)	(286 086)
	Transferred to Revenue - Capital	-	-
	Other Movements	-	-
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	This grant is for the training and development of municipal officials		
	<b>22.15 Total Grants</b>		
	Opening Unspent Balance	1 124 153	1 406 257
	Grants Received	54 122 506	62 068 429
	Transferred to Revenue - Operating	(42 606 968)	(42 690 962)
	Transferred to Revenue - Capital	(12 308 074)	(19 659 572)
	Other Movements	113 815	-
	Closing Unspent Balance	<u><b>445 432</b></u>	<u><b>1 124 153</b></u>
<b>23</b>	<b>FINES</b>		
	Traffic Fines	9 763 767	7 430 488
	Library Fines	15 980	16 297
	<b>Total</b>	<u><b>9 779 747</b></u>	<u><b>7 446 785</b></u>
	As previously reported		7 001 397
	Correction fo error restatement - note 40.2		445 388
	Restated balance		<u><b>7 446 785</b></u>
	In terms of the requirements of GRAP 23 and IGRAP 1, all traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.		

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

<i>Figures in Rand</i>		2017	2016
<b>24</b>	<b>ACTUARIAL GAINS</b>		
	Post Retirement Medical Benefits	5 848 370	-
	Long Service Awards	491 494	268 929
	<b>Total</b>	<b>6 339 864</b>	<b>268 929</b>
<b>25</b>	<b>SERVICE CHARGES</b>		
	Electricity	95 504 833	89 340 020
	Water	26 436 483	25 283 278
	Refuse Removal	22 694 138	20 717 770
	Sewerage and Sanitation	13 562 572	12 470 763
	<b>Total Revenue</b>	<b>158 198 025</b>	<b>147 811 830</b>
	Less: Rebates	(8 672 140)	(7 659 949)
	Electricity	(828 097)	(709 788)
	Water	(1 647 485)	(1 395 761)
	Refuse Removal	(3 714 458)	(3 321 450)
	Sewerage and Sanitation	(2 482 101)	(2 232 951)
	<b>Total</b>	<b>149 525 885</b>	<b>140 151 881</b>
	As previously reported		138 273 460
	Correction of error restatement - note 40.1		1 568 269
	Correction of error restatement - note 40.2		310 152
	Restated balance		<b>140 151 881</b>
	Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
<b>26</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
	Buildings	347 032	249 638
	Commonage	593 722	134 047
	Caravan Parks	4 013 351	3 908 141
	<b>Total</b>	<b>4 954 106</b>	<b>4 291 825</b>
<b>27</b>	<b>LICENCES AND PERMITS</b>		
	Drivers Licences	1 094 727	867 791
	Roadworthy Certificates	435 496	351 290
	<b>Total</b>	<b>1 530 223</b>	<b>1 219 081</b>
	As previously reported		2 091 634
	Reclassification - note 41.2		(777 243)
	Reclassification - note 41.2		(95 310)
	Restated balance		<b>1 219 081</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

**Figures in Rand**

	2017	2016
<b>28 OTHER INCOME</b>		
Administration Fees	5 678	7 924
Building Plan Fees	1 035 172	777 243
Cemetery	336 297	300 704
Copies and Faxes	57 542	57 027
Private Works	2 807	1 384
Profit with sale of land held for sale	-	35 088
Sale of Refuse Bags	4 311	3 051
Street Traders	99 376	95 310
Sundry Income	1 327 379	1 200 764
Surplus Cash	3 237	816
Swimming Pools	27 954	31 484
<b>Total</b>	<b>2 899 754</b>	<b>2 510 796</b>
As previously reported		1 645 390
Reclassification - note 41.2		777 243
Reclassification - note 41.2		95 310
Reclassification - note 41.2		(7 148)
Restated balance		2 510 796
<b>29 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	63 678 971	59 150 654
Pension and UIF Contributions	10 807 951	10 184 082
Medical Aid Contributions	4 395 312	4 260 630
Overtime	4 677 993	4 007 925
Motor Vehicle Allowance	3 957 262	3 808 912
Housing Allowances	1 322 022	1 350 870
Other benefits and allowances	4 633 660	4 089 988
Acting Allowance	778 349	835 731
Bargaining Council Levy	37 516	34 568
Group Life Insurance	1 031 495	928 256
Standby Allowance	2 744 967	2 291 433
Sundry Allowances	41 333	-
Contributions to Employee Benefits	8 262 441	7 971 334
Bonuses	4 766 950	4 424 560
Staff Leave	971 823	1 180 507
Long Service Awards	463 903	439 518
Post Retirement Medical Benefits	2 059 765	1 926 749
Workmen's Compensation	506 152	456 723
<b>Total</b>	<b>102 241 763</b>	<b>95 281 118</b>
As previously reported		96 066 313
Reclassification - note 41.2		(785 195)
Restated balance		95 281 118

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 29 EMPLOYEE RELATED COSTS (CONTINUED)

#### Remuneration of Management Personnel

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

#### Municipal Manager - Adv H Linde

Annual Remuneration	1 140 659	1 076 176
Travelling Allowance	90 990	90 000
Contributions to UIF, Medical and Pension Funds	219 013	230 740
<b>Total</b>	<b>1 450 661</b>	<b>1 396 916</b>

#### Chief Financial Officer - Mr JA van Niekerk (retired March 2017)

Annual Remuneration	485 651	648 568
Travelling Allowance	93 627	98 962
Contributions to UIF, Medical and Pension Funds	130 189	151 382
Housing Subsidy	123 282	127 471
Service Bonus	63 114	50 491
Long Service Award	-	52 094
Leave	185 195	-
<b>Total</b>	<b>1 081 057</b>	<b>1 128 968</b>

#### Director: Corporate Services - Mr JWA Kotzee

Annual Remuneration	625 335	633 162
Travelling Allowance	180 377	96 000
Contributions to UIF, Medical and Pension Funds	160 822	164 616
Housing Subsidy	164 762	171 026
Service Bonus	-	-
<b>Total</b>	<b>1 131 296</b>	<b>1 064 805</b>

#### Director: Technical Services - Mr H Krohn

Annual Remuneration	709 266	647 502
Travelling Allowance	96 000	96 000
Contributions to UIF, Medical and Pension Funds	178 437	166 184
Housing Subsidy	132 828	132 828
Service Bonus	40 000	40 000
<b>Total</b>	<b>1 156 530</b>	<b>1 082 513</b>

#### Chief Financial Officer - Mr GJ Goliath (appointed April 2017)

Annual Remuneration	177 837	-
Travelling Allowance	30 553	-
Contributions to UIF, Medical and Pension Funds	29 903	-
<b>Total</b>	<b>238 294</b>	<b>-</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

Figures in Rand

				2017	2016	
<b>30</b>	<b>REMUNERATION OF COUNCILLORS</b>					
	Ald JA Raats - terminated August 2016			69 837	643 523	
	Cllr WJ Dirks - terminated August 2016			27 761	249 349	
	Cllr JC Botha - terminated August 2016			32 823	284 594	
	Ald RM van Rooy			528 385	544 730	
	Cllr DJ Smith - terminated August 2016			112 312	249 349	
	Cllr CJ Snyders - terminated August 2016			30 836	274 194	
	Ald SM Crafford			626 809	627 278	
	Ald EB Manuel			789 447	806 179	
	Ald A de Vries			627 346	595 295	
	Cllr SR Claassen			276 274	249 349	
	Ald SIJ Smit			259 387	255 327	
	Cllr A Maarman - terminated August 2016			27 761	249 349	
	Cllr C Snyders - terminated August 2016			27 761	252 998	
	Cllr J Daniels - elected August 2016			240 289	-	
	Cllr AJ Du Plooy - elected August 2016			237 607	-	
	Ald JJ Josephus - August 2016 - May 2017			209 092	-	
	Cllr A Small - elected August 2016			225 594	-	
	Cllr MA Wessels - elected August 2016			551 289	-	
	Ald J Swart - elected August 2016			232 765	-	
	Cllr SS Lesch - elected August 2016			225 594	-	
	<b>Total</b>			<b>5 358 968</b>	<b>5 281 515</b>	
		<b>Salary</b>	<b>Travel Allowance</b>	<b>Other Allowances</b>	<b>Contributions</b>	<b>Total</b>
<b>2017</b>						
	Mayor	478 088	201 176	21 190	88 993	789 447
	Deputy-Mayor	394 969	151 405	21 190	59 245	626 809
	Speaker	645 839	21 635	23 513	6 196	697 183
	Executive Committee Members	757 786	195 979	38 095	87 814	1 079 674
	Councillors	1 623 531	209 702	173 761	158 862	2 165 856
	<b>Total</b>	<b>3 900 213</b>	<b>779 896</b>	<b>277 750</b>	<b>401 110</b>	<b>5 358 968</b>
<b>2016</b>						
	Mayor	479 329	216 802	20 868	89 180	806 179
	Deputy-Mayor	395 485	151 603	20 868	59 323	627 278
	Speaker	380 459	167 848	20 868	74 349	643 523
	Executive Committee Members	912 847	136 201	39 997	50 981	1 140 026
	Councillors	1 428 974	355 318	166 944	113 273	2 064 508
	<b>Total</b>	<b>3 597 094</b>	<b>1 027 771</b>	<b>269 545</b>	<b>387 104</b>	<b>5 281 515</b>
	<b>In-kind Benefits</b>					
	The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee member serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.					
	Councillors may utilize municipal transportation when engaged in official duties					
<b>31</b>	<b>DEBT IMPAIRMENT</b>					
	Receivables from Exchange Transactions			2 972 829	3 579 522	
	Receivables from Non-Exchange Transactions			10 062 026	4 748 165	
	<b>Total Debt Impairment</b>			<b>13 034 855</b>	<b>8 327 687</b>	
	Movement in VAT included in debt impairment			(245 548)	(153 693)	
	<b>Total</b>			<b>12 789 307</b>	<b>8 173 994</b>	
	As previously reported				7 764 258	
	Correction of error restatement - note 40.2				409 736	
	Restated balance				<b>8 173 994</b>	



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

<i>Figures in Rand</i>	2017	2016
<b>32 DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	18 977 221	17 177 952
Intangible Assets	395 218	335 848
<b>Total</b>	<b>19 372 439</b>	<b>17 513 800</b>
As previously reported		17 521 385
		(7 585)
Restated balance		17 513 800
<b>33 REPAIRS AND MAINTENANCE</b>		
Property, Plant and Equipment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
As previously reported		6 443 170
Reclassification - note 41.1		(6 443 170)
Restated balance		-
Repairs and maintenance by nature is included in Other Expenditure. Refer to note 10 for Repairs and Maintenance incurred in relation to Property, Plant and Equipment.		
<b>34 ACTUARIAL LOSSES</b>		
Post Retirement Medical Benefits	-	885 426
Long Service Awards	-	-
<b>Total</b>	<b>-</b>	<b>885 426</b>
<b>35 FINANCE CHARGES</b>		
<b>Cash</b>	6 011 840	5 798 289
Long-term Liabilities	6 011 840	5 798 289
<b>Non-cash</b>	6 650 535	5 784 110
Post Retirement Medical Benefits	3 477 061	3 023 731
Long Service Awards	425 125	382 534
Rehabilitation of Landfill Sites	2 748 350	2 377 845
<b>Total</b>	<b>12 662 376</b>	<b>11 582 399</b>
<b>36 BULK PURCHASES</b>		
Electricity	74 733 321	67 608 960
Water	5 760 241	5 420 540
<b>Total</b>	<b>80 493 562</b>	<b>73 029 500</b>
Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWA and a number of private suppliers.		
<b>37 TRANSFERS AND GRANTS</b>		
Grants-in-aid and Donations	3 550 890	3 214 250
<b>Total</b>	<b>3 550 890</b>	<b>3 214 250</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

**Figures in Rand**

	2017	2016
<b>38 OTHER EXPENDITURE</b>		
Advertisement	684 727	737 436
Audit Fees	2 279 466	2 476 535
Bank Charges	530 002	435 488
Books	19 620	38 134
Cemetery	837	1 025
Chemicals	808 076	636 761
Entertainment	372 673	286 107
Fuel	3 114 733	2 760 103
Impact Studies	673 604	471 692
Insurance	699 055	1 204 495
Legal Fees	4 351	(27 302)
Licensing	686 780	587 331
Lost Books	-	9 579
Maintenance Materials	5 124 226	4 580 253
Maintenance Service Providers	3 438 227	3 506 135
Membership Fees	1 119 895	1 053 837
Planning and Development	161 505	61 182
Postage	554 838	586 617
Printing	261 625	255 801
Professional Fees	10 470 653	10 822 217
Projects	74 822	71 432
Protective Clothing	527 573	446 420
RDP Housing Construction Fees	-	203 440
Refuse Bags	1 092 160	903 539
Rent Buildings	105 600	66 000
Rent Equipment	129 112	111 312
Skills Development Levy	850 591	785 195
Sport Fields	185 123	173 520
Stationary	862 076	796 207
Sundries	1 299 717	1 094 495
Telephone Costs	1 677 567	1 277 403
Training	1 162 122	1 318 771
Travel and Entertainment	1 096 844	1 000 240
Trees	21 028	22 086
Unions	100 905	106 913
Valuations	12 368	6 711
Fertilizer	25 073	19 635
Ward Committee	227 789	253 992
<b>Total</b>	<b>40 455 363</b>	<b>39 140 739</b>
As previously reported		31 513 759
Correction of error restatement - note 40.3		(102 641)
Correction of error restatement - note 40.4		124 561
Correction of error restatement - note 40.5		540 039
Correction of error restatement - note 40.6		(163 344)
Reclassification - note 41.1		6 443 170
Reclassification - note 41.2		785 195
Restated balance		39 140 739
<b>39 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS</b>		
Proceeds	471 929	105 263
Less: Carrying value of Investment Property disposed	(20 000)	-
Less: Carrying value of Property, Plant and Equipment disposed	(65 000)	(36 715)
Less: Carrying value of Intangible Assets disposed	(450 000)	-
<b>Total</b>	<b>(63 071)</b>	<b>68 548</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 40 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

#### 40.1 Receivables from Exchange Transactions

It was noted that the journals pertaining to the provision of certain accounts, and the reversal of said provisions was done incorrectly. The provision accounts affected are as follow:

- Eskom June's usage billed in July
- Conlog's June's usage only in July
- Pre-paid electricity sold prior to year-end, but still unused as on 30 June

The net effect of the above-mentioned errors were as follow:

- Receivables from Exchange Transactions - note 3	Understated	1 501 795
- Payables from exchange transactions - note 15	Understated	52 744
- Service Charges - note 25	Understated	1 568 269
- Accumulated Surplus - note 40.6	Overstated	(119 218)

#### 40.2 Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions contained the following errors:

- The initial provision for auxillary deductions was done incorrectly.
- In the prior year a new service provider was appointed for speed camera fines. In the current year it was noted that not all fines were recorded due to missing sequences. Both Fines and Debt Impairment was therefore understated.

The net effect of the above-mentioned errors were as follow:

- Receivables from Non-Exchange Transactions - note 4	Overstated	(269 205)
- Fines - note 23	Understated	445 388
- Service Charges - note 25	Understated	310 152
- Debt Impairment - note 31	Understated	409 736
- Accumulated Surplus - note 40.6	Overstated	(615 009)

#### 40.3 Taxes

A VAT recovery exercise was undertaken in the current year. This exercise revealed that Input VAT was not claimed on certain valid taxable invoices.

The net effect of the above-mentioned errors were as follow:

- Taxes - note 5	Understated	580 319
- Payables from exchange transactions - note 15	Understated	166 593
- Other Expenditure - note 38	Overstated	(102 641)
- Accumulated Surplus - note 40.7	Understated	311 085

#### 40.4 Inventory

The inventory listing of 30 June 2016 contained errors. The errors were mainly due to the quantities that did not agree to the quantities as per the physical stock take. In addition, it was also noted that an item of Property, Plant and Equipment was included both the asset register and inventory listing. The said item was removed from the inventory listing.

The net effect of the above-mentioned errors were as follow:

- Inventory - note 8	Overstated	(184 561)
- Other Expenditure - note 38	Understated	124 561
- Accumulated Surplus - note 40.7	Overstated	(60 000)

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 40 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

#### 40.5 Property, Plant and Equipment

The following corrections were made to the fixed asset register.

- Assets with a nominal value was revalued using the depreciation cost method.
- Asset with a R0.00 book value which are still in use were adjusted in accordance with their remaining useful lives.
- Items that did not meet the definition of Property, Plant and Equipment in terms of GRAP17 was removed.

The net effect of the above-mentioned errors were as follow:

- Property, Plant and Equipment - note 10	Overstated	(328 267)
- Depreciation and Amortisation - note 32	Overstated	(7 585)
- Other Expenditure - note 38	Understated	540 039
- Accumulated Surplus - note 40.7	Understated	204 187

#### 40.6 Payables from Exchange Transactions

In the prior year services were received prior to year-end, and the said services were accrued based on the quotation amount as the invoices were not yet received prior to year-end. However, when the invoices were received after year-end, the invoiced amounts were less than the amount accrued for at year-end.

The net effect of the above-mentioned errors were as follow:

- Taxes - note 5	Overstated	(186 212)
- Payables from exchange transactions - note 15	Overstated	(22 868)
- Other Expenditure - note 38	Overstated	(163 344)

#### 40.7 Accumulated Surplus

Receivables from Exchange Transactions - note 40.1	(119 218)
Receivables from Non-Exchange Transactions - note 40.2	(615 009)
Taxes - note 40.3	311 085
Inventory - note 40.4	(60 000)
Property, Plant and Equipment - note 40.5	204 187
Total	<u><u>(278 955)</u></u>

### 41 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATIONS

#### 41.1 Repairs and Maintenance

In the current year the Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly all "Repairs and Maintenance" expenditure was reallocated to "Other Expenditure" and classified by their nature as follow:

Maintenance Materials	3 257 192
Maintenance Service Providers	3 185 978
Total	<u><u>6 443 170</u></u>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 41 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATIONS (CONTINUED)

#### 41.2 Revenue and Expenditure

The following items were reclassified in order to be aligned to the nature of the revenue or expenditure item.

Item	Previous Classification	Revised Classification	Amount
Building Plan Fees	Licences and Permits	Other Income	777 243
Street Traders	Licences and Permits	Other Income	95 310
Insurance Receipts	Other Income	Insurance Receipts	7 148
Skills Development Levy	Employee Related Costs	Other Expenditure	785 195

### 41 NET CASH FROM OPERATING ACTIVITIES

Net Surplus for the year		22 186 030	26 994 046
Adjusted for:			
Non-cash revenue included in Net Surplus		(6 326 392)	(332 009)
Actuarial Gains		6 339 864	(268 929)
Rental of Facilities and Equipment - decrease in operating lease asset		13 472	5 468
Gain on disposal of Non-Monetary Assets		-	(68 548)
Non-cash expenditure included in Net Surplus		47 137 793	40 328 663
Employee Related Costs - Contributions towards		8 262 441	7 971 334
Post Retirement Medical Benefits		2 059 765	1 926 749
Long Service Awards		463 903	439 518
Bonuses		4 766 950	4 424 560
Staff Leave		971 823	1 180 507
Debt Impairment		12 789 307	8 173 994
Depreciation and Amortisation		19 372 439	17 513 800
Actuarial Losses		-	885 426
Finance Charges		6 650 535	5 784 110
Post Retirement Medical Benefits		3 477 061	3 023 731
Long Service Awards		425 125	382 534
Provision for Rehabilitation of Landfill-sites		2 748 350	2 377 845
Loss on disposal of Non-Monetary Assets		63 071	-
Cash expenditure not included in Net Surplus		(6 717 349)	(6 472 601)
Post Retirement Medical Benefits		(1 153 759)	(1 070 419)
Long Service Awards		(352 337)	(463 193)
Bonuses		(4 596 402)	(4 315 038)
Staff Leave		(584 102)	(492 144)
Provision for Rehabilitation of Landfill-sites		(30 749)	(131 807)
Operating Surplus before changes in working capital		56 280 083	60 518 100
Movement in working capital		(15 391 934)	(14 087 723)
Receivables from Exchange Transactions		(9 760 327)	(2 840 061)
Receivables from Non-Exchange Transactions		(12 087 506)	(8 479 234)
Inventory		170 600	(127 522)
Long-term Receivables		1 220 658	(1 446 866)
Payables from exchange transactions		5 477 055	642 903
Unspent Conditional Government Grants		(678 721)	(282 105)
Taxes		266 307	(1 554 838)
<b>Cash Flow from Operating Activities</b>		<b>40 888 148</b>	<b>46 430 377</b>

# BERGRIVIER LOCAL MUNICIPALITY

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### 42 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	76 050 999	60 024 814
Call and Notice Deposits	6 022 041	5 627 255
Cash Floats	7 450	7 450
<b>Total</b>	<b>82 080 490</b>	<b>65 659 520</b>

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

### 43 BUDGET COMPARISONS

#### 43.1 Comparable Basis

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

The following items are affected by these classification differences:

#### Statement of Financial Position

*Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.*

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

*Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.*

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

#### Statement of Financial Performance

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

*The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement.*

*Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance.*

*The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement.*

*Skills Development Levy is included under Employee Related Costs for the budget comparison, whereas for GRAP purposes this expenditure is included under Other Expenditure.*

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

#### 43.2 Statement of Financial Position

##### Adjustments to Original Budget

*Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2015/16.*

*Both Cash and Call Investment Deposits were adjusted to align with the respective maturity dates of investments.*

*Consumer Debtors were decreased due the an increase in debt impairment based on revised projections.*

*Property, Plant and Equipment decreased due to the decrease in MIG allocations.*

*Borrowings (current) was increased as the short-term portion of the loan was not budgeted for separately.*

*Payables was adjusted in order to be in line with the audit outcome and projected expenditure.*

*Borrowings (non-current) was increased as the short-term portion of the loan was not budgeted for separately.*

*Accumulated Surplus was adjusted to take into account budget adjustments made to the Statement of Financial Performance.*

# BERGRIVIER LOCAL MUNICIPALITY

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### 43 BUDGET COMPARISONS (CONTUED)

#### Actual Amounts vs Final Budget

*Cash was more than budgeted due to saving in expenditure and more interest earned on investment.*

*Consumer Debtors was more than budget due to a change in payment date from the 25th to the last working day of the month.*

*Trade and Other Payables was more than budget due to projections being too aggressive.*

*Provisions and Employee Benefits was less than budget due to actuarial gains.*

*Accumulated Surplus was more than budget due to variances as discussed under the Statement of Financial Performance.*

### 43.3 Statement of Financial Performance

#### Adjustments to Original Budget

*Fines was increased in line with the actual audit outcome of 2015/16.*

*Debt Impairment was increased to make provision for the unrecoverable percentage in relation with the Fine increases.*

*Both Service Charges (Electricity) and Bulk Purchases were adjusted due to an increase in demand.*

*Transfer Recognised (Capital) was adjusted due to a decrease in MIG allocation.*

#### Actual Amounts vs Final Budget

*Service Charges - Electricity Revenue was less than budgeted due to the reversal of internal charges which is not permitted in terms of GRAP.*

*The Housing Grant revenue is budgeted as revenue, but for GRAP purposes the Housing grants is treated as an agency. Accordingly, no grant revenue is recognised in the Statement of Financial Performance.*

*Other Revenue was more than budget due to actuarial gain included in budget as one can not budget for the said item.*

*Employee Related Costs were less than budgeted as not all vacant post were filled in the current year.*

*Expenditure relating to the Housing Grant was budgeted under Other Expenditure. For GRAP purposes the Housing Grant is treated as an agency function and accordingly the related expenditure is not recognised in the Statement of Financial Performance.*

### 43.4 Cash Flow Statement

#### Adjustments to Original Budget

*Service Charges were increased due to the increase in electricity demand.*

*Both Government Grants and Capital Assets were decreased to take into account the reduced MIG allocation.*

*Suppliers and Employees were increased due to the increase in bulk purchases as a result of an increased demand.*

*Finance Charges was adjusted due to the Original Budget which incorrectly included non-cash interest.*

#### Actual Amounts vs Final Budget

*Service Charges was less than budget due to the reversal of internal charges as required per GRAP.*

*Government Receipts were less than budget due to the Housing Grant being treated as an agency per GRAP requirements.*

*Suppliers and Employees were less than budget due to the Housing Grant being treated as an agency.*

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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

#### 44.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	2 438 153	3 705 846
Unauthorised expenditure current year - operating	-	2 438 153
Unauthorised expenditure current year - capital	-	-
Approved by Council	(2 438 153)	(3 705 846)
<b>Unauthorised expenditure awaiting further action</b>	<b>-</b>	<b>2 438 153</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2017 (Actual) R	2017 (Final Budget) R	2017 (Unauthorised) R	2016 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>				
Vote 1 - Municipal Manager	18 158 116	21 389 620	-	-
Vote 2 - Finance	(728 733)	2 512 429	-	-
Vote 3 - Corporate Services	50 306 607	50 429 019	-	2 438 153
Vote 4 - Technical Services	209 251 750	243 351 628	-	-
<b>Total</b>	<b>276 987 740</b>	<b>317 682 696</b>	<b>-</b>	<b>2 438 153</b>
<b>Unauthorised expenditure - Capital</b>				
Vote 1 - Municipal Manager	154 175	166 000	-	-
Vote 2 - Finance	1 879 039	1 880 000	-	-
Vote 3 - Corporate Services	7 369 310	7 629 519	-	-
Vote 4 - Technical Services	18 420 175	19 468 812	-	-
<b>Total</b>	<b>27 822 698</b>	<b>29 144 331</b>	<b>-</b>	<b>-</b>

#### 44.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	-	1 600
Fruitless and wasteful expenditure incurred	-	-
Approved by Council	-	(1 600)
<b>Fruitless and wasteful expenditure awaiting further action</b>	<b>-</b>	<b>-</b>

Details of fruitless and wasteful expenditure incurred

(a) No fruitless and wasteful expenditure incurred	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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



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

#### 44.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	2 856 631	691 068
Irregular expenditure incurred - current year	-	2 856 631
Approved by Council	(2 856 631)	(691 068)
	-	2 856 631
<b>Irregular expenditure awaiting further action</b>	<b>-</b>	<b>2 856 631</b>

Details of irregular expenditure incurred

(a) Transaction entered into with a supplier whose director/principal shareholder is in the service of the state (Section 44 of SCM Regulation)	-	26 747
(b) Tenders awarded where the quorum of Bid Adjudication Committee was 60% instead of 80% (Section 33(1)(e) of SCM Policy)	-	1 169 551
(c) Advertised at 80/20 preference point system, but total tender price of all tenders received exceeded R 1 000 000 and should have been cancelled and re-advertised at 90/10 preference point system (Section 8(1)(a) of the preferential procurement policy framework act)	-	1 660 333
	-	1 660 333
<b>Total</b>	<b>-</b>	<b>2 856 631</b>

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

### 45 MATERIAL LOSSES

#### 45.1 Water distribution losses

Kilo litres disinfected/purified/purchased	2 598 395	2 627 992
Kilo litres sold and free basic services	2 340 347	2 351 231
	258 048	276 761
Kilo litres lost during distribution	9.93%	10.53%
Percentage lost during distribution	1 290 240	1 286 939
Distribution loss (Rand Value)		

Normal pipe bursts and field leakages are responsible for water losses.

#### 45.2 Electricity distribution losses

Units purchased (Kwh)	80 203 384	78 186 094
Units sold, free basic services and standard friction losses	73 046 048	70 269 724
	7 157 336	7 916 370
Units lost during distribution (Kwh)	8.92%	10.13%
Percentage lost during distribution	6 464 506	6 670 136
Distribution loss (Rand Value)		

Electricity losses are due to electricity theft on pre-paid meters. Fines were issued for first time offenders.

# BERGRIVIER LOCAL MUNICIPALITY

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**46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**46.1 SALGA Contributions [MFMA 125 (1)(b)]**

Opening balance	-	-
Expenditure incurred	1 055 981	977 301
Payments	(1 055 981)	(977 301)
	-	-
<b>Payments in advance</b>	-	-

**46.2 Audit Fees [MFMA 125 (1)(c)]**

Opening balance	3 829	-
Expenditure incurred	2 346 172	2 891 318
External Audit - Auditor-General	2 279 466	2 823 250
Audit Committee	66 705	68 068
Payments	(2 350 000)	(2 887 489)
<b>Outstanding Balance</b>	-	<b>3 829</b>

**46.3 VAT [MFMA 125 (1)(c)]**

Opening balance	3 111 446	2 522 477
Net amount claimed during the year	(2 152 882)	(3 570 557)
Net amount paid during the year	2 675 741	4 159 526
<b>Outstanding Balance</b>	<b>3 634 305</b>	<b>3 111 446</b>

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

**46.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]**

Opening balance	-	-
Payroll deductions and Council Contributions during the year	13 373 332	12 256 483
Payments	(13 373 332)	(12 256 483)
<b>Outstanding Balance</b>	-	-

**46.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]**

Opening balance	-	-
Payroll deductions and Council Contributions during the year	24 434 090	23 354 153
Payments made to pension and medical fund	(24 434 090)	(23 354 153)
<b>Outstanding Balance</b>	-	-

**46.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]**

The following Councillor had arrear accounts outstanding for more than 90 days during the year.

J Swart	1 591	-
---------	-------	---

# BERGRIVIER LOCAL MUNICIPALITY

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

#### 46.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

Section 36(1)(a)(i) - Emergencies	1 436 579	992 321
Section 36(1)(a)(ii) - Single provider	859 051	647 657
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	4 817 433	12 536 236
<b>Total</b>	<b>7 113 062</b>	<b>14 176 214</b>

Deviations from Supply Chain Management Regulations can be allocated as follow:

Vote 1 - Municipal Manager	608 055	731 672
Vote 2 - Finance	1 621 778	114 555
Vote 3 - Corporate Services	1 664 998	2 903 403
Vote 4 - Technical Services	3 218 231	10 426 584
<b>Total</b>	<b>7 113 062</b>	<b>14 176 214</b>

All the deviations were ratified by the Municipal Manager and reported to Council.

### 47 CAPITAL COMMITMENTS

Approved and contracted for

**35 232 989**      **4 107 386**

Infrastructure	29 848 480	3 368 503
Intangible Assets	5 384 509	738 883

This expenditure will be financed from:

Government Grants	31 848 480	4 107 386
Own funding	3 384 509	-
	<b>35 232 989</b>	<b>4 107 386</b>

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

# BERGRIVIER LOCAL MUNICIPALITY

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### 48 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

#### 48.1 Credit Risk

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

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	82 080 490	65 659 520
Receivables from exchange transactions	46 437 958	39 650 460
Long-term Receivables	2 535 757	3 756 415
<b>Total</b>	<b>131 054 204</b>	<b>109 066 394</b>

#### Cash and Cash Equivalents

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

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

#### Receivables from Exchange Transactions

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

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

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

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

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

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

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

Electricity	4 764 814	3 740 395
Water	7 495 774	5 910 432
Housing Rentals	35 551	25 113
Refuse	10 392 935	7 737 211
Sewerage	6 953 660	5 269 833
Other	4 158 181	4 065 398
<b>Total</b>	<b>33 800 915</b>	<b>26 748 382</b>

# BERGRIVIER LOCAL MUNICIPALITY

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### 48 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 48.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

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

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	82 073 040	65 652 070
Long-term Liabilities (including current portion)	-	-
<b>Net balance exposed</b>	<b>82 073 040</b>	<b>65 652 070</b>

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

1% (2016 - 1%) increase in interest rates	820 730	656 521
0% (2016 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

#### 48.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
<b>30 JUNE 2017</b>				
Annuity Loans	10 819 285	36 073 574	56 335 704	103 228 564
Finance Lease Liabilities	2 906	-	-	2 906
Payables from exchange transactions	29 923 923	-	-	29 923 923
<b>Total</b>	<b>40 746 113</b>	<b>36 073 574</b>	<b>56 335 704</b>	<b>133 155 392</b>
<b>30 JUNE 2016</b>				
Annuity Loans	8 953 664	33 557 108	59 754 515	102 265 287
Finance Lease Liabilities	102 792	2 906	-	105 697
Payables from exchange transactions	24 334 767	-	-	24 334 767
<b>Total</b>	<b>33 391 223</b>	<b>33 560 013</b>	<b>59 754 515</b>	<b>126 705 751</b>

# BERGRIVIER LOCAL MUNICIPALITY

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### 48 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

The Municipality is not exposed to any other price risk.

### 49 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

#### Financial Assets

Cash and Cash Equivalents	82 080 490	65 659 520
Receivables from Exchange transactions	46 437 958	39 650 460
Long-term Receivables	2 535 757	3 756 415
<b>Total</b>	<b>131 054 204</b>	<b>109 066 394</b>

#### Financial Liabilities

Payables from exchange transactions	29 923 923	24 334 767
Long-Term Liabilities	54 804 367	52 052 647
<b>Total</b>	<b>84 728 289</b>	<b>76 387 414</b>

### 50 STATUTORY RECEIVABLES

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

Taxes	977 292	998 051
Receivables from Non-Exchange Transactions	26 200 297	24 721 764
Rates	24 653 088	23 997 784
Fines	583 503	723 981
Unpaid Grants	113 815	-
Department of Human Settlements	849 891	-
<b>Total</b>	<b>51 436 888</b>	<b>49 443 529</b>

The amounts above are disclosed after any provision for impairment has been taken into account.

### 51 EVENTS AFTER REPORTING DATE

The Municipality had no significant events after reporting date.

### 52 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance during the year under review.

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

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

### 54 CONTINGENT LIABILITIES

The Municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 55 RELATED PARTIES

#### 55.1 Related Party Transactions

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

	Rates	Service Charges	Other	Outstanding Balance
<b>2017</b>				
<u>Councillors</u>				
A Small	-	-	-	-
AJ De Vries	10 114	3 996	-	1 176
AJ Du Plooy	929	5 616	70	1 092
CJ Snyders	-	846	-	422
EB Manuel	1 135	6 243	6	349
J Daniels	5 263	9 273	11	1 083
J Swart	7 112	12 088	167	(441)
JA Raats	2 202	5 232	-	3 199
JJ Josephus	826	9 313	6	687
MA Wessels	-	22 853	340	1 370
RM van Rooy	-	-	-	-
SIJ Smit	4 128	45 324	346	7 357
SM Crafford	-	5 139	414	383
SR Claassen	1 032	4 560	-	466
SS Lesch	-	-	-	-
WJ Dirks	705	1 117	-	905
<b>Total</b>	<b>33 445</b>	<b>131 599</b>	<b>1 360</b>	<b>18 048</b>
<u>Municipal Manager and Section 57 Employees</u>				
Adv H Linde	1 995	8 212	1 487	1 946
JA van Niekerk	-	11 695	(1 363)	-
JWA Kotzee	1 084	7 405	0	735
H Krohn	8 153	32 000	13 730	15 045
GJ Goliath	-	-	-	-
<b>Total</b>	<b>11 232</b>	<b>59 313</b>	<b>13 854</b>	<b>17 726</b>
<b>2016</b>				
<u>Councillors</u>				
SR Claassen	974	4 296	-	439
SM Crafford	-	4 509	267	485
WJ Dirks	3 993	6 080	13	778
EB Manuel	2 143	17 540	92	2 199
JA Raats	12 467	28 460	18	3 461
SIJ Smit	3 896	47 548	372	5 918
AJ De Vries	7 159	2 198	893	1 109
CJ Snyders	-	4 759	6	361
<b>Total</b>	<b>30 632</b>	<b>115 390</b>	<b>1 661</b>	<b>14 752</b>
<u>Municipal Manager and Section 57 Employees</u>				
Adv H Linde	-	7 874	-	408
JA van Niekerk	10 519	13 039	2 583	1 238
JWA Kotzee	1 071	9 054	-	797
H Krohn	-	31 217	-	-
<b>Total</b>	<b>11 591</b>	<b>61 184</b>	<b>2 583</b>	<b>2 442</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

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### 55 RELATED PARTIES (CONTINUED)

#### 55.2 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

#### 55.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 29 and 30.

#### 55.4 Other related party transactions

The Municipality did not enter into any transactions where Councillors or Management had an interest.

#### 55.4 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.

The following awards were made where immediate family members are in the service of the State:

Company Name	Related Party	Family member in service of the state	Amount	Amount
Siphenkhosi Protection Service	C Claasen	Spouse (Bergrivier Municipality)	356 709	-
Cederberg Conservation Service	B Du Plessis	Spouse (Cape Nature)	553 884	-
AON	N Manyanga	Farther (Department of Education) Mother (Department of Transport)	747 336	2 097 735
<b>Total</b>			<b>1 657 929</b>	<b>2 097 735</b>

### 56 FINANCIAL SUSTAINABILITY

Management is of the opinion that will Municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

#### Financial Indicators

The current ratio increased to 3.20:1 from 3.12:1 in the prior year.

The Municipality have budgeted for a surplus of R7 032 000 for the 2017/2018 financial year and surpluses of R13 210 000 and R17 800 000 for the 2018/2019 and 2019/2029 years respectively.

The average debtors collection rate decreased from 96,74% to 94,81%.

Cash and Cash Equivalentents have increased during the year.



# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2017

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2016	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2017
<b><u>ANNUITY LOANS</u></b>							
DBSA	61001254	15.00%	2018-06-30	492 956	-	(228 658)	264 298
DBSA	61000584	9.98%	2016-12-31	194 988	-	(194 988)	-
DBSA	61003131	16.50%	2020-12-31	532 160	-	(87 802)	444 358
DBSA	61001189	14.00%	2017-09-30	283 680	-	(182 648)	101 032
Nedbank	05/7831032282	11.27%	2023-06-12	3 127 274	-	(304 368)	2 822 906
DBSA	61000757	9.86%	2018-12-31	2 239 360	-	(831 703)	1 407 657
DBSA	61001029	12.41%	2030-06-30	15 624 567	-	(454 911)	15 169 656
DBSA	61006811	11.53%	2031-06-30	3 680 151	-	(99 854)	3 580 297
DBSA	61006837	11.59%	2036-06-30	8 569 354	-	(120 103)	8 449 251
DBSA	61006975	11.33%	2032-06-30	3 738 743	-	(90 312)	3 648 431
Standard Bank	252933753	11.95%	2024-06-30	6 010 645	-	(483 356)	5 527 289
Standard Bank	252933737	11.25%	2019-06-30	1 329 772	-	(395 647)	934 125
ABSA	3044794458	9.99%	2021-06-30	430 000	-	(69 801)	360 199
ABSA	3044701437	10.57%	2026-06-12	5 700 000	-	(357 951)	5 342 049
ABSA	3046456438	10.12%	2027-06-30	-	5 970 000	-	5 970 000
ABSA	3046456399	9.77%	2022-06-30	-	780 000	-	780 000
<b>Total Annuity Loans</b>				<b>51 953 650</b>	<b>6 750 000</b>	<b>(3 902 102)</b>	<b>54 801 548</b>
<b><u>FINANCE LEASE LIABILITIES</u></b>							
Cellphones and Modems		Various	2018-02-28	98 998	-	(96 178)	2 819
<b>Total Finance Lease Liabilities</b>				<b>98 998</b>	<b>-</b>	<b>(96 178)</b>	<b>2 819</b>
<b>Total Long-Term Liabilities</b>				<b>52 052 648</b>	<b>6 750 000</b>	<b>(3 998 280)</b>	<b>54 804 367</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2017

	OPENING BALANCE	GRANTS RECEIVED / (REPAID)	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	OTHER MOVEMENT	CLOSING BALANCE
	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	33 319 000	(33 319 000)	-	-	-
Finance Management Grant (FMG)	-	1 475 000	(763 256)	(711 744)	-	-
Municipal Systems Improvement Grant (MSIG)	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)	306 558	8 884 000	(621 558)	(8 569 000)	-	-
Expanded Public Works Programme (EPWP)	-	1 141 000	(1 141 000)	-	-	-
Integrated National Electrification Programme (INEP)	684 969	2 000 000	(284 112)	(2 029 372)	-	371 484
Accelerated Community Infrastructure Programme (ACIP)	-	-	-	-	-	-
<b>Total</b>	<b>991 527</b>	<b>46 819 000</b>	<b>(36 128 926)</b>	<b>(11 310 116)</b>	<b>-</b>	<b>371 484</b>
<b>PROVINCIAL GOVERNMENT</b>						
Housing	-	-	-	-	-	-
CDW Contribution	-	37 000	(23 053)	-	-	13 947
Housing Consuming Education	-	-	-	-	-	-
Finance Management Grant (Provincial)	73 210	-	(73 210)	-	-	-
Proclaimed Roads	-	73 907	(73 907)	-	-	-
Municipal Performance Management Allocation	-	-	-	-	-	-
Library Services	-	6 680 000	(5 842 444)	(837 556)	-	-
External Bursary Programme	-	120 000	(120 000)	-	-	-
Local Government Graduate Internship Allocation	-	60 000	-	-	-	60 000
<b>Total</b>	<b>73 210</b>	<b>6 970 907</b>	<b>(6 132 615)</b>	<b>(837 556)</b>	<b>-</b>	<b>73 947</b>
<b>OTHER GRANT PROVIDERS</b>						
Cerebos Ltd	46 587	-	-	(160 402)	113 815	-
Chieta	12 828	60 000	(72 828)	-	-	-
LG Seta	-	272 599	(272 599)	-	-	-
<b>Total</b>	<b>59 415</b>	<b>332 599</b>	<b>(345 427)</b>	<b>(160 402)</b>	<b>113 815</b>	<b>-</b>
<b>ALL SPHERES OF GOVERNMENT</b>	<b>1 124 152</b>	<b>54 122 506</b>	<b>(42 606 968)</b>	<b>(12 308 074)</b>	<b>113 815</b>	<b>445 431</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
<b>Financial Performance</b>						
Property rates	55 677 287	500 000	56 177 287	56 638 655	461 368	52 508 447
Service charges	152 540 243	4 815 000	157 355 243	148 570 949	(8 784 294)	139 275 656
Investment revenue	3 200 000	1 300 000	4 500 000	5 819 571	1 319 571	4 296 966
Transfers recognised - operational	67 211 000	(502 912)	66 708 088	43 193 875	(23 514 213)	42 232 852
Other own revenue	19 984 000	5 481 086	25 465 086	33 694 980	8 229 894	22 951 271
<b>Total Operating Revenue (excluding capital transfers)</b>	<b>298 612 530</b>	<b>11 593 174</b>	<b>310 205 704</b>	<b>287 918 030</b>	<b>(22 287 674)</b>	<b>261 265 192</b>
Employee costs	107 290 816	(454 887)	106 835 929	103 092 354	(3 743 575)	96 066 313
Remuneration of councillors	4 861 000	450 000	5 311 000	5 358 968	47 968	5 281 515
Debt impairment	8 795 197	6 203 544	14 998 741	12 789 307	(2 209 434)	8 173 993
Depreciation and asset impairment	18 539 000	(457 000)	18 082 000	19 372 439	1 290 439	17 513 800
Finance charges	12 213 580	66 886	12 280 466	12 662 376	381 910	11 582 399
Materials and bulk purchases	75 397 000	5 620 000	81 017 000	80 493 562	(523 438)	73 029 500
Transfers and grants	3 560 900	-	3 560 900	3 550 890	(10 010)	3 214 250
Other expenditure	74 919 170	677 490	75 596 660	39 667 843	(35 928 817)	39 240 970
<b>Total Expenditure</b>	<b>305 576 663</b>	<b>12 106 033</b>	<b>317 682 696</b>	<b>276 987 739</b>	<b>(40 694 957)</b>	<b>254 102 740</b>
<b>Surplus/(Deficit)</b>	<b>(6 964 133)</b>	<b>(512 859)</b>	<b>(7 476 992)</b>	<b>10 930 291</b>	<b>18 407 283</b>	<b>7 162 452</b>
Transfers recognised - capital	15 044 000	(3 467 088)	11 576 912	11 255 741	(321 171)	19 831 596
<b>Surplus/(Deficit) for the year</b>	<b>8 079 867</b>	<b>(3 979 947)</b>	<b>4 099 920</b>	<b>22 186 032</b>	<b>18 086 112</b>	<b>26 994 048</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>32 478 000</b>	<b>(3 333 669)</b>	<b>29 144 331</b>	<b>27 822 698</b>	<b>(1 321 633)</b>	<b>31 681 207</b>
Transfers recognised - capital	15 044 000	(3 467 088)	11 576 912	11 133 554	(443 358)	19 759 360
Public contributions & donations	-	-	-	160 403	160 403	71 549
Borrowing	6 750 000	-	6 750 000	6 593 294	(156 706)	5 233 301
Internally generated funds	10 684 000	133 419	10 817 419	9 935 447	(881 972)	6 616 998
<b>Total sources of capital funds</b>	<b>32 478 000</b>	<b>(3 333 669)</b>	<b>29 144 331</b>	<b>27 822 698</b>	<b>(1 321 633)</b>	<b>31 681 207</b>
<b>Cash flows</b>						
Net cash from (used) operating	27 865 875	(1 196 242)	26 669 633	40 888 148	14 218 515	46 430 377
Net cash from (used) investing	(32 845 150)	3 787 238	(29 057 912)	(27 350 769)	1 707 143	(31 575 944)
Net cash from (used) financing	3 050 398	98 969	3 149 367	2 883 590	(265 776)	2 461 061
Net Cash Movement for the year	(1 928 877)	2 689 965	761 088	16 420 970	15 659 882	17 315 494
Cash/cash equivalents at beginning of year	70 110 214	(4 450 695)	65 659 520	65 659 520	-	48 344 026
<b>Cash/cash equivalents at the year end</b>	<b>68 181 337</b>	<b>(1 760 729)</b>	<b>66 420 607</b>	<b>82 080 490</b>	<b>15 659 882</b>	<b>65 659 520</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
<b>REVENUE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	23 314 000	-	23 314 000	23 369 912	55 912	18 787 537
Budget and treasury office	65 248 287	1 670 000	66 918 287	68 656 636	1 738 349	63 184 622
Corporate services	780 000	457 500	1 237 500	7 760 571	6 523 071	1 714 177
<b>Community and public safety</b>						
Community and social services	7 076 000	39 000	7 115 000	7 138 099	23 099	6 341 223
Sport and recreation	4 708 000	2 745 700	7 453 700	7 499 798	46 098	5 942 000
Public safety	4 340 000	4 773 586	9 113 586	9 809 074	695 488	7 435 668
Housing	23 317 000	-	23 317 000	40 297	(23 276 703)	47 954
<b>Economic and environmental services</b>						
Planning and development	787 000	201 000	988 000	1 162 153	174 153	1 286 227
Road transport	5 103 000	-	5 103 000	5 436 564	333 564	4 720 814
<b>Trading services</b>						
Electricity	103 896 243	2 975 000	106 871 243	98 176 498	(8 694 745)	93 787 003
Water	39 997 000	(6 682 552)	33 314 448	32 491 428	(823 020)	39 907 184
Waste water management	13 266 000	666 852	13 932 852	14 072 656	139 804	16 033 243
Waste management	21 824 000	1 280 000	23 104 000	23 560 085	456 085	21 909 136
<b>Total Revenue - Standard</b>	<b>313 656 530</b>	<b>8 126 086</b>	<b>321 782 616</b>	<b>299 173 771</b>	<b>(22 608 845)</b>	<b>281 096 788</b>
<b>EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	20 573 470	816 150	21 389 620	18 158 116	(3 231 504)	16 082 438
Budget and treasury office	2 742 429	(230 000)	2 512 429	(728 733)	(3 241 162)	15 677 481
Corporate services	22 465 079	140 795	22 605 874	21 415 183	(1 190 691)	24 310 972
<b>Community and public safety</b>						
Community and social services	7 251 000	(71 350)	7 179 650	7 230 723	51 073	7 143 496
Sport and recreation	15 153 780	(89 160)	15 064 620	14 748 976	(315 644)	13 017 323
Public safety	13 457 351	6 246 814	19 704 165	20 351 887	647 722	15 627 348
Housing	24 679 340	(11 600)	24 667 740	1 116 979	(23 550 761)	1 278 483
<b>Economic and environmental services</b>						
Planning and development	4 510 870	(85 630)	4 425 240	4 445 848	20 608	4 208 369
Road transport	30 607 710	(268 960)	30 338 750	28 791 468	(1 547 282)	24 358 508
<b>Trading services</b>						
Electricity	103 144 577	4 740 050	107 884 627	105 238 163	(2 646 464)	86 372 669
Water	21 845 230	871 770	22 717 000	22 716 694	(306)	18 042 215
Waste water management	13 578 030	484 050	14 062 080	10 072 231	(3 989 849)	7 689 968
Waste management	25 567 797	(436 896)	25 130 901	23 430 205	(1 700 696)	20 293 471
<b>Total Expenditure - Standard</b>	<b>305 576 663</b>	<b>12 106 033</b>	<b>317 682 696</b>	<b>276 987 740</b>	<b>(40 694 956)</b>	<b>254 102 741</b>
<b>Surplus/(Deficit) for the year</b>	<b>8 079 867</b>	<b>(3 979 947)</b>	<b>4 099 920</b>	<b>22 186 031</b>	<b>18 086 111</b>	<b>26 994 047</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
<b>REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)</b>						
<b>REVENUE</b>						
Vote 1 - Municipal Manager	23 314 000	-	23 314 000	23 369 912	55 912	18 787 537
Vote 2 - Finance	65 248 287	1 670 000	66 918 287	68 656 636	1 738 349	63 184 622
Vote 3 - Corporate Services	19 541 000	4 792 086	24 333 086	31 596 862	7 263 776	22 761 122
Vote 4 - Technical Services	205 553 243	1 664 000	207 217 243	175 550 361	(31 666 882)	176 363 507
<b>Total Revenue by Vote</b>	<b>313 656 530</b>	<b>8 126 086</b>	<b>321 782 616</b>	<b>299 173 771</b>	<b>(22 608 845)</b>	<b>281 096 788</b>
<b>EXPENDITURE</b>						
Vote 1 - Municipal Manager	20 573 470	816 150	21 389 620	18 158 116	(3 231 504)	16 082 438
Vote 2 - Finance	2 742 429	(230 000)	2 512 429	(728 733)	(3 241 162)	15 677 481
Vote 3 - Corporate Services	44 190 530	6 238 489	50 429 019	50 306 607	(122 412)	48 197 494
Vote 4 - Technical Services	238 070 234	5 281 394	243 351 628	209 251 750	(34 099 878)	174 145 327
<b>Total Expenditure by Vote</b>	<b>305 576 663</b>	<b>12 106 033</b>	<b>317 682 696</b>	<b>276 987 740</b>	<b>(40 694 956)</b>	<b>254 102 740</b>
<b>Surplus/(Deficit) for the year</b>	<b>8 079 867</b>	<b>(3 979 947)</b>	<b>4 099 920</b>	<b>22 186 031</b>	<b>18 086 111</b>	<b>26 994 048</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
<b>REVENUE AND EXPENDITURE</b>						
<b>REVENUE BY SOURCE</b>						
Property rates	55 677 287	500 000	56 177 287	56 638 655	461 368	52 508 447
Service charges - electricity revenue	100 386 243	2 290 000	102 676 243	94 360 008	(8 316 235)	88 362 686
Service charges - water revenue	24 765 000	900 000	25 665 000	24 508 697	(1 156 303)	23 629 312
Service charges - sanitation revenue	10 278 000	495 000	10 773 000	11 063 117	290 117	10 211 626
Service charges - refuse revenue	17 111 000	1 130 000	18 241 000	18 639 127	398 127	17 072 032
Rental of facilities and equipment	4 242 000	466 000	4 708 000	4 982 060	274 060	4 323 309
Interest earned - external investments	3 200 000	1 300 000	4 500 000	5 819 571	1 319 571	4 296 966
Interest earned - outstanding debtors	4 240 000	(190 000)	4 050 000	4 268 050	218 050	3 776 001
Fines	4 307 000	4 780 586	9 087 586	9 779 747	692 161	7 446 785
Licences and permits	1 560 000	-	1 560 000	1 530 223	(29 777)	1 219 081
Agency services	2 041 000	-	2 041 000	2 340 077	299 077	2 199 847
Transfers recognised - operational	67 211 000	(502 912)	66 708 088	43 193 875	(23 514 213)	42 232 852
Other revenue	3 594 000	424 500	4 018 500	10 794 823	6 776 323	3 917 700
Gain on disposal of PPE	-	-	-	-	-	68 548
<b>Total Revenue (excl capital transfers)</b>	<b>298 612 530</b>	<b>11 593 174</b>	<b>310 205 704</b>	<b>287 918 030</b>	<b>(22 287 674)</b>	<b>261 265 192</b>
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	107 290 816	(454 887)	106 835 929	103 092 354	(3 743 575)	96 066 313
Remuneration of councillors	4 861 000	450 000	5 311 000	5 358 968	47 968	5 281 515
Debt impairment	8 795 197	6 203 544	14 998 741	12 789 307	(2 209 434)	8 173 993
Depreciation and asset impairment	18 539 000	(457 000)	18 082 000	19 372 439	1 290 439	17 513 800
Finance charges	12 213 580	66 886	12 280 466	12 662 376	381 910	11 582 399
Bulk purchases	75 397 000	5 620 000	81 017 000	80 493 562	(523 438)	73 029 500
Transfers and grants	3 560 900	-	3 560 900	3 550 890	(10 010)	3 214 250
Other expenditure	74 919 170	677 490	75 596 660	39 604 772	(35 991 888)	39 240 970
Loss on disposal of PPE	-	-	-	63 071	63 071	-
<b>Total Expenditure</b>	<b>305 576 663</b>	<b>12 106 033</b>	<b>317 682 696</b>	<b>276 987 739</b>	<b>(40 694 957)</b>	<b>254 102 740</b>
<b>Surplus/(Deficit)</b>	<b>(6 964 133)</b>	<b>(512 859)</b>	<b>(7 476 992)</b>	<b>10 930 291</b>	<b>18 407 283</b>	<b>7 162 452</b>
Transfers recognised - capital	15 044 000	(3 467 088)	11 576 912	11 255 741	(321 171)	19 831 596
<b>Surplus/(Deficit) for the year</b>	<b>8 079 867</b>	<b>(3 979 947)</b>	<b>4 099 920</b>	<b>22 186 032</b>	<b>18 086 112</b>	<b>26 994 048</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
<b>CAPITAL EXPENDITURE</b>						
<b>CAPITAL EXPENDITURE (MUNICIPAL VOTE)</b>						
<b>Multi-year expenditure</b>						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Finance	850 000	-	850 000	843 728	(6 272)	549 990
Vote 3 - Corporate Services	380 000	(56 400)	323 600	323 557	(43)	-
Vote 4 - Technical Services	1 385 000	-	1 385 000	1 683 144	298 144	9 811 197
<b>Total Multi-year expenditure</b>	<b>2 615 000</b>	<b>(56 400)</b>	<b>2 558 600</b>	<b>2 850 430</b>	<b>291 830</b>	<b>10 361 187</b>
<b>Single-year expenditure</b>						
Vote 1 - Municipal Manager	416 000	(250 000)	166 000	154 175	(11 825)	48 014
Vote 2 - Finance	1 030 000	-	1 030 000	1 035 311	5 311	178 671
Vote 3 - Corporate Services	4 449 000	2 866 919	7 315 919	7 045 752	(270 167)	4 699 292
Vote 4 - Technical Services	23 968 000	(5 894 188)	18 073 812	16 737 030	(1 336 782)	16 394 045
<b>Total Single-year expenditure</b>	<b>29 863 000</b>	<b>(3 277 269)</b>	<b>26 585 731</b>	<b>24 972 268</b>	<b>(1 613 463)</b>	<b>21 320 020</b>
<b>Total Capital Expenditure by Vote</b>	<b>32 478 000</b>	<b>(3 333 669)</b>	<b>29 144 331</b>	<b>27 822 698</b>	<b>(1 321 633)</b>	<b>31 681 207</b>
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	416 000	(250 000)	166 000	154 175	(11 825)	48 014
Budget and treasury office	1 880 000	-	1 880 000	1 879 039	(961)	728 661
Corporate services	2 314 000	378 250	2 692 250	2 665 338	(26 912)	1 656 822
<b>Community and public safety</b>						
Community and social services	1 249 000	64 169	1 313 169	1 353 606	40 437	746 271
Sport and recreation	1 678 000	2 732 680	4 410 680	4 232 267	(178 413)	3 104 144
Public safety	1 460 000	(39 530)	1 420 470	1 289 918	(130 552)	419 795
<b>Economic and environmental services</b>						
Planning and Development	10 000	10 000	20 000	11 780	(8 220)	-
Road transport	3 305 000	11 200	3 316 200	3 172 895	(143 305)	3 788
<b>Trading services</b>						
Electricity	3 646 000	600 877	4 246 877	3 744 911	(501 966)	3 705 484
Water	6 352 483	262 937	6 615 420	5 016 013	(1 599 407)	4 930 310
Waste water management	7 869 517	(6 796 665)	1 072 852	2 307 276	1 234 424	12 048 462
Waste management	2 298 000	(307 587)	1 990 413	1 995 482	5 069	3 821 789
<b>Total Capital Expenditure - Standard</b>	<b>32 478 000</b>	<b>(3 333 669)</b>	<b>29 144 331</b>	<b>27 822 698</b>	<b>(1 321 633)</b>	<b>31 681 207</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
<b>CAPITAL EXPENDITURE (CONTINUED)</b>						
<b>FUNDING SOURCES</b>						
National Government	14 274 000	(3 535 088)	10 738 912	10 295 998	(442 914)	19 154 370
Provincial Government	770 000	68 000	838 000	837 556	(444)	604 990
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>15 044 000</b>	<b>(3 467 088)</b>	<b>11 576 912</b>	<b>11 133 554</b>	<b>(443 358)</b>	<b>19 759 360</b>
Public contributions & donations	-	-	-	160 403	160 403	71 549
Borrowing	6 750 000	-	6 750 000	6 593 294	(156 706)	5 233 301
Internally generated funds	10 684 000	133 419	10 817 419	9 935 447	(881 972)	6 616 998
<b>Total Capital Funding</b>	<b>32 478 000</b>	<b>(3 333 669)</b>	<b>29 144 331</b>	<b>27 822 698</b>	<b>(1 321 633)</b>	<b>31 681 207</b>



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## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
<b>CASH FLOWS</b>						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	54 382 577	(452 382)	53 930 196	54 248 373	318 177	50 395 052
Service charges	148 025 443	3 035 590	151 061 033	145 254 265	(5 806 768)	139 640 956
Other revenue	11 467 598	1 326 836	12 794 434	12 363 073	(431 361)	9 760 272
Government - operating	67 211 000	(502 912)	66 708 088	41 814 433	(24 893 655)	42 408 857
Government - capital	15 044 000	(3 467 088)	11 576 912	12 308 074	731 162	19 659 572
Interest	7 440 000	948 000	8 388 000	5 819 571	(2 568 429)	4 296 966
<b>Payments</b>						
Suppliers and employees	(259 930 264)	(8 400 866)	(268 331 130)	(221 356 910)	46 974 220	(210 718 758)
Finance charges	(12 213 580)	6 316 580	(5 897 000)	(6 011 840)	(114 840)	(5 798 289)
Transfers and grants	(3 560 900)	-	(3 560 900)	(3 550 890)	10 010	(3 214 250)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>27 865 875</b>	<b>(1 196 242)</b>	<b>26 669 633</b>	<b>40 888 148</b>	<b>14 218 515</b>	<b>46 430 377</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	-	-	-	471 929	471 929	105 263
Decrease (increase) other non-current receivables	(367 150)	453 569	86 419	-	(86 419)	-
<b>Payments</b>						
Capital assets	(32 478 000)	3 333 669	(29 144 331)	(27 822 698)	1 321 633	(31 681 207)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(32 845 150)</b>	<b>3 787 238</b>	<b>(29 057 912)</b>	<b>(27 350 769)</b>	<b>1 707 143</b>	<b>(31 575 944)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	6 750 000	-	6 750 000	6 750 000	-	6 130 000
Increase (decrease) in consumer deposits	123 215	(72 450)	50 765	131 871	81 106	276 434
<b>Payments</b>						
Repayment of borrowing	(3 822 817)	171 418	(3 651 399)	(3 998 280)	(346 882)	(3 945 373)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>3 050 398</b>	<b>98 969</b>	<b>3 149 367</b>	<b>2 883 590</b>	<b>(265 776)</b>	<b>2 461 061</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1 928 877)</b>	<b>2 689 965</b>	<b>761 088</b>	<b>16 420 970</b>	<b>15 659 882</b>	<b>17 315 494</b>
Cash/cash equivalents at the year begin:	70 110 214	(4 450 695)	65 659 520	65 659 520	-	48 344 026
Cash/cash equivalents at the year end:	68 181 337	(1 760 729)	66 420 607	82 080 490	15 659 882	65 659 520