

Overberg District Municipality

Annual Report 2016/2017

Volume II

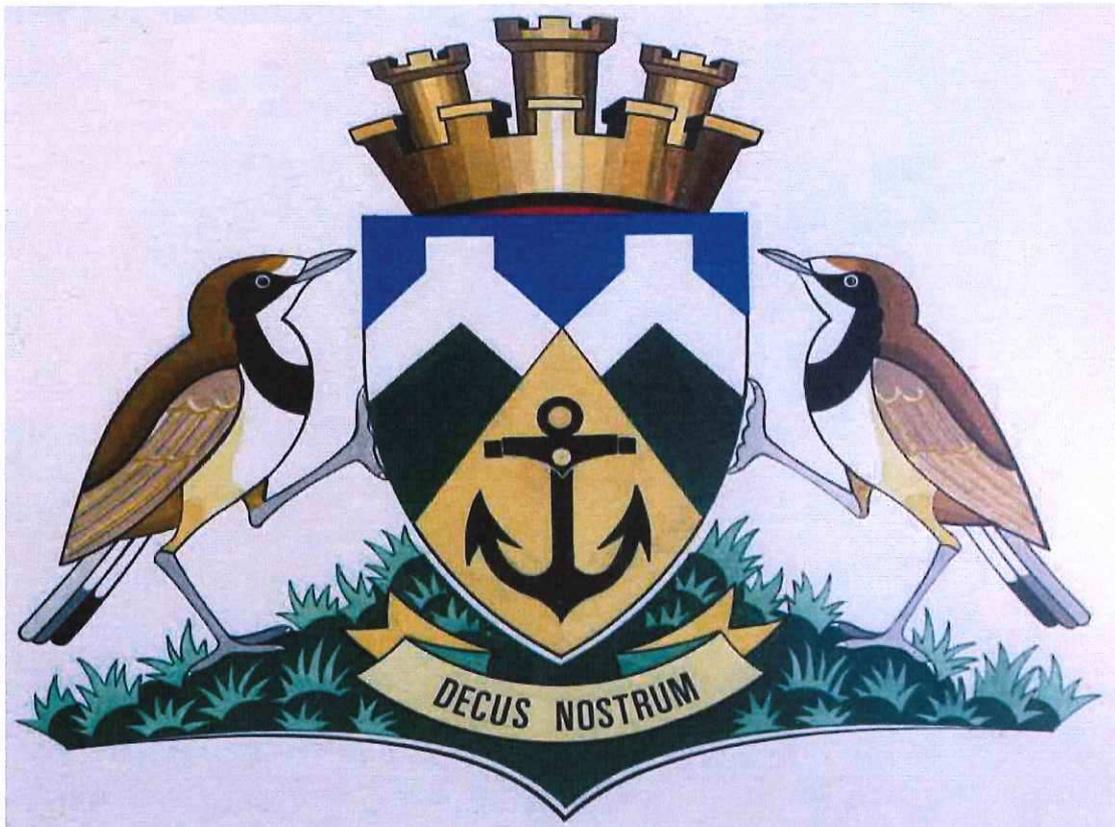


Annual Financial Statements

January 2018

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

OVERBERG DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2017

OVERBERG DISTRICT MUNICIPALITY

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OVERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

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

LEGAL FORM

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

JURISDICTION

The Overberg District Municipality includes the following areas:

Cape Agulhas
Overstrand
Swellendam
Theewaterskloof

MEMBERS OF THE COUNCIL

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

OVERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

MUNICIPAL MANAGER

Mr D P Beretti

CHIEF FINANCIAL OFFICER

Dr J C P Tesselaar

REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

POSTAL ADDRESS

Private Bag X22, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRIMARY BANKER

ABSA

RELEVANT LEGISLATION

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

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

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

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

Municipal Planning and Performance Management Regulations

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

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

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

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

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

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

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

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

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALGBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

OVERBERG DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 119 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 I am satisfied that the Municipality remains a going concern for the foreseeable future.

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

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



Mr D P Beretti
Municipal Manager

31.8.2017

Date

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
ASSETS			
Current Assets		38 390 811	40 917 076
Cash and Cash Equivalents	2	32 276 125	22 376 364
Receivables from exchange transactions	3	2 112 461	6 258 862
Receivables from non-exchange transactions	4	386 117	161 948
Operating Lease Asset	5	-	-
Taxes	6	2 627 162	11 370 079
Inventory	7	988 946	749 823
Non-Current Assets		81 397 167	78 807 439
Investment Property	8	-	-
Property, Plant and Equipment	9	43 696 343	40 043 583
Intangible Assets	10	450 420	351 638
Capitalised Restoration Cost (PPE)	11	8 817 832	9 979 647
Employee Benefits	12	28 432 572	28 432 572
Total Assets		119 787 978	119 724 515
Current Liabilities		22 049 987	22 630 153
Current Portion of Long-term Liabilities	13	1 205 774	527 645
Consumer Deposits	14	11 820	11 820
Payables from exchange transactions	15	2 034 810	1 226 606
Unspent Conditional Government Grants	16	8 970 198	11 820 868
Operating Lease Liability	5	-	-
Current Employee benefits	17	9 827 385	9 043 215
Non-Current Liabilities		82 560 643	79 359 813
Long-term Liabilities	13	2 814 663	2 587 911
Employee benefits	18	58 981 919	57 263 959
Non-Current Provisions	19	20 764 061	19 507 943
Total Liabilities		104 610 630	101 989 966
NET ASSETS		15 177 348	17 734 549
COMMUNITY WEALTH			
Accumulated Surplus	20	15 177 348	17 734 549
		15 177 348	17 734 549

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDING 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		63 262 381	65 904 857
Transfer Revenue		60 694 230	60 487 095
Government Grants and Subsidies - Capital	21	2 303 073	160 367
Government Grants and Subsidies - Operating	21	58 277 205	60 326 728
Public Contributions and Donations	22	3 200	-
Contributed Assets		110 752	-
Other Revenue		2 568 151	5 417 761
Actuarial Gains	23	1 974 597	5 255 545
Insurance Receipts		579 320	143 112
Reversal of Impairments	24	14 234	19 104
REVENUE FROM EXCHANGE TRANSACTIONS		96 151 892	98 066 407
Operating Activities		96 151 892	98 066 407
Government Grants and Subsidies - Operating	21	69 283 538	70 000 332
Service Charges	28	801 442	2 395 734
Rental of Facilities and Equipment	26	13 256 736	12 142 655
Interest Earned - external investments		2 311 483	2 187 723
Interest Earned - outstanding debtors		-	1 515
Licences and Permits		171 491	95 254
Agency Services	27	8 114 737	6 591 829
Other Income	28	2 212 466	1 132 365
Gain on disposal of Investment Property		-	3 519 000
TOTAL REVENUE		159 414 273	163 971 264
EXPENDITURE			
Employee related costs	29	82 717 286	77 188 068
Remuneration of Councillors	30	5 149 566	5 183 118
Debt Impairment	31	109 793	81 995
Depreciation and Amortisation	32	3 254 079	2 746 687
Actuarial losses	33	-	119 676
Finance Charges	34	7 778 036	7 083 412
Contracted services	35	12 793 051	12 856 871
Transfers and Grants	36	120 000	17 313
Other Expenditure	37	49 887 796	53 075 094
Stock Adjustments		2 144	-
Loss on disposal of Property, Plant and Equipment		159 722	1 145 434
TOTAL EXPENDITURE		161 971 474	159 497 669
NET SURPLUS/(DEFICIT) FOR THE YEAR		(2 557 201)	4 473 595

OVERBERG DISTRICT MUNICIPALITY

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

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2015 - Previously Reported	3 824 872	3 824 872
Prior Period Adjustment - Refer to note 39.05	9 436 081	9 436 081
Balance on 30 June 2015 - Restated	13 260 954	13 260 954
Net Surplus for the year	4 473 595	4 473 595
Balance on 30 June 2016 - Restated	17 734 549	17 734 549
Net Deficit for the Period	(2 557 201)	(2 557 201)
Balance on 30 June 2017	15 177 348	15 177 348

OVERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges		802 323	2 436 079
Other revenue		28 149 508	15 143 530
Government - operating		124 710 073	138 646 967
Government - capital		2 303 073	160 367
Interest		2 311 483	2 189 238
Payments			
Suppliers and employees		(141 995 375)	(152 517 710)
Finance charges		(495 445)	(163 191)
Transfers and Grants		(120 000)	(17 313)
NET CASH FROM OPERATING ACTIVITIES	40	15 665 639	5 877 968
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of PPE		-	96 458
Proceeds on Disposal of Investment Property		-	3 630 000
Payments			
Purchase of Property, Plant and Equipment		(4 422 254)	(955 061)
Purchase of Intangible Assets		(174 199)	(99 195)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4 596 453)	2 672 202
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Loans repaid		(1 169 425)	(533 056)
NET CASH USED FINANCING ACTIVITIES		(1 169 425)	(533 056)
NET INCREASE IN CASH HELD		9 899 761	8 017 114
Cash and Cash Equivalents at the beginning of the year		22 376 364	14 359 250
Cash and Cash Equivalents at the end of the year		32 276 125	22 376 364

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)
ASSETS			
Current assets			
Cash	32 276 125	18 290 383	13 985 742
Consumer debtors	1 111 194	1 440 340	(329 146)
Other Receivables	4 014 546	842 271	3 172 275
Inventory	988 946	749 823	239 123
Total current assets	38 390 811	21 322 817	17 067 994
Non current assets			
Employee Benefits	28 432 572	28 432 572	-
Investment property	-	-	-
Property, plant and equipment	43 696 343	45 683 939	(1 987 596)
Intangible Assets	450 420	248 873	201 547
Capitalised Restoration Cost	8 817 832	9 522 519	(704 687)
Total non current assets	81 397 167	83 887 903	(2 490 736)
TOTAL ASSETS	119 787 978	105 210 720	14 577 258
LIABILITIES			
Current liabilities			
Borrowing	1 205 774	813 772	392 002
Consumer deposits	11 820	11 820	-
Trade and other payables	11 005 008	2 680 705	8 324 303
Provisions and Employee Benefits	9 827 385	9 384 405	442 980
Total current liabilities	22 049 987	12 890 702	9 159 285
Non current liabilities			
Borrowing	2 814 663	4 791 121	(1 976 458)
Provisions and Employee Benefits	79 745 980	83 204 035	(3 458 055)
Total non current liabilities	82 560 643	87 995 156	(5 434 513)
TOTAL LIABILITIES	104 610 630	100 885 858	3 724 772
NET ASSETS	15 177 348	4 324 862	10 852 486
COMMUNITY WEALTH			
Accumulated Surplus and Reserves	15 177 348	4 324 862	10 852 486
TOTAL COMMUNITY WEALTH/EQUITY	15 177 348	4 324 862	10 852 486

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)
ASSETS			
Current assets			
Cash	11 699 983	6 590 399	18 290 383
Consumer debtors	1 699 032	(258 693)	1 440 340
Other Receivables	-	842 271	842 271
Inventory	929 573	(179 750)	749 823
Total current assets	14 328 589	6 994 228	21 322 817
Non current assets			
Long-term receivables	28 432 572	-	28 432 572
Investment property	111 000	(111 000)	-
Property, plant and equipment	38 955 381	6 728 557	45 683 939
Intangible Assets	314 158	(65 285)	248 873
Capitalised Restoration Cost	11 129 780	(1 607 261)	9 522 519
Total non current assets	78 942 891	4 945 012	83 887 903
TOTAL ASSETS	93 271 480	11 939 240	105 210 720
LIABILITIES			
Current liabilities			
Borrowing	813 772	-	813 772
Consumer deposits	11 820	-	11 820
Trade and other payables	2 726 905	(46 200)	2 680 705
Provisions and Employee Benefits	10 044 107	(659 702)	9 384 405
Total current liabilities	13 596 604	(705 902)	12 890 702
Non current liabilities			
Borrowing	1 720 028	3 071 093	4 791 121
Provisions and Employee Benefits	79 552 365	3 651 670	83 204 035
Total non current liabilities	81 272 393	6 722 763	87 995 156
TOTAL LIABILITIES	94 868 997	6 016 861	100 885 858
NET ASSETS	(1 597 517)	5 922 379	4 324 862
COMMUNITY WEALTH			
Accumulated Surplus and Reserves	(1 597 517)	5 922 379	4 324 862
TOTAL COMMUNITY WEALTH/EQUITY	(1 597 517)	5 922 379	4 324 862

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)
REVENUE BY SOURCE			
Service charges	801 442	550 000	251 442
Rental of facilities and equipment	13 256 736	13 305 599	(48 863)
Interest earned - external investments	2 311 483	1 400 000	911 483
Interest earned - outstanding debtors	-	100	(100)
Licences and permits	171 491	120 000	51 491
Agency services	8 114 737	8 259 643	(144 906)
Government Grants and Subsidies - Operating	127 560 743	128 740 149	(1 179 406)
Other revenue	4 783 817	2 540 640	2 243 177
TOTAL OPERATING REVENUE	157 000 448	154 916 131	2 084 317
EXPENDITURE BY TYPE			
Employee related costs	82 717 286	93 172 903	(10 455 617)
Remuneration of councillors	5 149 566	5 394 587	(245 021)
Debt impairment	109 793	-	109 793
Depreciation & asset impairment	3 254 079	3 101 289	152 790
Finance charges	7 778 036	5 123 069	2 654 967
Contracted services	12 793 051	15 948 465	(3 155 414)
Transfers and Grants	120 000	-	120 000
Other expenditure	49 889 940	43 227 557	6 662 383
Loss on disposal of PPE	159 722	-	159 722
TOTAL OPERATING EXPENDITURE	161 971 474	165 967 870	(3 996 396)
OPERATING DEFICIT FOR THE YEAR	(4 971 026)	(11 051 739)	6 080 713
Government Grants and Subsidies - Capital	2 303 073	2 270 000	33 073
Contributed Assets	110 752	-	110 752
NET DEFICIT FOR THE YEAR	(2 557 201)	(8 781 739)	6 224 538

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)
REVENUE BY SOURCE			
Service charges	456 828	93 172	550 000
Rental of facilities and equipment	12 326 790	978 809	13 305 599
Interest earned - external investments	1 200 000	200 000	1 400 000
Interest earned - outstanding debtors	100	-	100
Licences and permits	26 000	94 000	120 000
Agency services	8 259 643	-	8 259 643
Government Grants and Subsidies - Operating	126 160 662	2 579 487	128 740 149
Other revenue	6 081 114	(3 540 474)	2 540 640
TOTAL OPERATING REVENUE	154 511 137	404 994	154 916 131
EXPENDITURE BY TYPE			
Employee related costs	93 187 784	(14 881)	93 172 903
Remuneration of councillors	5 616 668	(222 081)	5 394 587
Depreciation & asset impairment	3 101 287	2	3 101 289
Finance charges	258 731	4 864 338	5 123 069
Contracted services	4 224 880	11 723 585	15 948 465
Other expenditure	52 069 089	(8 841 532)	43 227 557
TOTAL OPERATING EXPENDITURE	158 458 439	7 509 430	165 967 870
OPERATING DEFICIT FOR THE YEAR	(3 947 302)	(7 104 437)	(11 051 739)
Government Grants and Subsidies - Capital	-	-	2 270 000
NET DEFICIT FOR THE YEAR	(3 947 302)	(7 104 437)	(8 781 739)

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges	802 323	550 000	252 323
Other revenue	28 149 508	28 452 827	(303 319)
Government - operating	124 710 073	116 904 281	7 805 792
Government - capital	2 303 073	2 270 000	33 073
Interest	2 311 483	1 400 100	911 383
Payments			
Suppliers and Employees	(141 995 375)	(153 036 175)	11 040 799
Finance charges	(495 445)	(326 283)	(169 162)
Transfers and Grants	(120 000)	-	(120 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	15 665 639	(3 785 250)	19 450 889
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of Assets	-	5 370 000	(5 370 000)
Payments			
Capital assets	(4 596 453)	(4 810 068)	213 615
NET CASH FROM/(USED) INVESTING ACTIVITIES	(4 596 453)	559 932	(5 156 385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowing	(1 169 425)	(860 663)	(308 762)
NET CASH USED IN FINANCING ACTIVITIES	(1 169 425)	(860 663)	(308 762)
NET INCREASE/(DECREASE) IN CASH HELD	9 899 761	(4 085 981)	13 985 742
Cash and Cash Equivalents at the beginning of the period	22 376 364	22 376 364	-
Cash and Cash Equivalents at the end of the period	32 276 125	18 290 383	13 985 742

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges	456 828	93 172	550 000
Other revenue	26 693 547	1 759 280	28 452 827
Government - Operating	126 236 662	(9 332 381)	116 904 281
Government - Capital	-	2 270 000	2 270 000
Interest	1 200 100	200 000	1 400 100
Payments			
Suppliers and Employees	(152 355 295)	(680 880)	(153 036 175)
Finance charges	(258 731)	(67 552)	(326 283)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 973 111	(5 758 361)	(3 785 250)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	-	5 370 000	5 370 000
Decrease/(increase) in non-current investments	1 097 400	(1 097 400)	-
Payments			
Capital assets	(1 097 400)	(3 712 668)	(4 810 068)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	559 932	559 932
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowing	(1 060 624)	199 961	(860 663)
NET CASH USED IN FINANCING ACTIVITIES	(1 060 624)	199 961	(860 663)
NET INCREASE/(DECREASE) IN CASH HELD	912 487	(4 998 468)	(4 085 981)
Cash and Cash Equivalents at the beginning of the year	10 787 490	11 588 874	22 376 364
Cash and Cash Equivalents at the end of the year	11 699 977	6 590 406	18 290 383

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 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, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

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

1.04 GOING CONCERN ASSUMPTION

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

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

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

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

1.05.2 Amended Accounting Policies

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

1.06 MATERIALITY

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

1.07 BUDGET INFORMATION

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

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

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

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

1.08.1 Effective dates determined

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

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

The following amended Standards of GRAP became effective during the current reporting period:

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.

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 2018

This Interpretation of the Standards of GRAP could potentially have disclosure requirements currently not included in the financial statements of the municipality when it becomes effective. Accurate accounting treatment of land, based on control, already included in financial records of the municipality.

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.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

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

1.08.2 Effective dates not yet determined

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

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

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

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

This Standard will be implemented as part of the Municipal Standard Chart of Accounts Regulation (mSCOA). The estimated date of implementation is 1 July 2017.

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 (Original - 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 1.34 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 (Original - 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 be not be significant.

1.8.2.4 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.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

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

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

1.8.2.5 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.

1.8.2.6 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.

1.8.2.7 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.

1.8.2.8 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.

1.8.2.9 GRAP 108 - Statutory Receivables (Original - 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 .

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

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

1.8.2.10 GRAP 109 - Accounting by Principles and Agents (Original - 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.

1.8.2.11 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.

No significant impact is expected as the Municipality does not have any living resources.

1.8.2.12 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

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 possible additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.09 RESERVES

1.09.1 Accumulated Surplus

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

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

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

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

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

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

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

1.10.2 Subsequent Measurement – Cost Model

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.10 INVESTMENT PROPERTY (CONTINUED)

1.10.3 Depreciation – Cost Model

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

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

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

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

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

	YEARS
Buildings	30
Land	Indefinite

1.10.4 Impairment

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

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

1.10.5 Derecognition

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

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

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

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

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

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

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

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

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

1.11.2 Subsequent Measurement - Cost Model

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.3 Depreciation

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

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

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

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

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

1.11.4 Impairment

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

1.11.5 Derecognition

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

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

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

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.12 INTANGIBLE ASSETS (CONTINUED)

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

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

1.12.2 Subsequent Measurement - Cost Model

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

1.12.3 Amortisation

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

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

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

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

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

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

	Years
Computer Software	10
Computer Software Licences	10

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.12 INTANGIBLE ASSETS (CONTINUED)

1.12.4 Impairment

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

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

1.12.5 Derecognition

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

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

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

1.13.1 Recoverable amount of Cash-generating assets

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.2 Recoverable amount of Non-cash-generating assets

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

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

1.13.3 Impairment loss

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

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

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

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

1.13.4 Reversal of an impairment loss

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

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

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

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

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

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

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

1.14.2 Subsequent Measurement

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.14 INVENTORIES (CONTINUED)

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

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

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

1.15 EMPLOYEE BENEFITS

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

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

1.15.1 Post-Retirement Benefits

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

1.15.1.1 *Multi-employer defined benefit plans*

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

1.15.1.2 *Post Retirement Medical Obligations*

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.15 EMPLOYEE BENEFITS (CONTINUED)

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

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

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

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

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

1.15.3 Short-term Benefits

1.15.3.1 Provision for Staff Leave

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

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

1.15.3.2 Staff Bonuses Accrued

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.3.3 Provision for Performance Bonuses

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

1.16 PROVISIONS

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

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

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.16 PROVISIONS (CONTINUED)

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

1.17 LEASES

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

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

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

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

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

1.17.1.2 Operating leases

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

1.17.2 Municipality as Lessor

1.17.2.1 Operating Leases

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

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

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

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.3 Impairment and uncollectability of financial assets

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

1.18.3.1 Financial assets measured at amortised cost

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

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

1.18.3.2 Financial assets measured at cost

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

1.18.4 Derecognition of financial instruments

1.18.4.1 Financial assets

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.4.2 *Financial liabilities*

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

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

1.18.5 **Offsetting of financial instruments**

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

1.19 STATUTORY RECEIVABLES

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

1.19.1 **Initial Recognition**

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

1.19.2 **Subsequent Measurement**

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

1.19.3 **Impairment and uncollectability of statutory receivables**

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.19 STATUTORY RECEIVABLES (CONTINUED)

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

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

1.19.3 Derecognition

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

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

1.20 CASH AND CASH EQUIVALENTS

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

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

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

1.21 RECEIVABLES

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.21 RECEIVABLES (CONTINUED)

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

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

1.22 TAXES (VALUE ADDED TAX)

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

1.23 PAYABLES AND ANNUITY LOANS

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

1.24 CONSUMER DEPOSITS

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

1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

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

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

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

1.26 REVENUE

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

1.26.1 Revenue from Non-Exchange Transactions

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

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

1.26.1.1 *Transfer Revenue*

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

1.26.1.4 Insurance Receipts

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

1.26.1.5 Unclaimed deposits

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

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

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

1.26.1.7 Services in-kind

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

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

1.26.1.8 Contributed Assets

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

1.26.2 Revenue from Exchange Transactions

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

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

1.26.2.2 Grants and Subsidies (Roads Function)

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

1.26.2.2 *Investment income*

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

1.26.2.3 *Rental income*

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

1.26.2.4 *Income from Agency Services*

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

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

1.26.2.5 *Other Tariffs*

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

1.26.2.6 *Sale of goods*

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

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

1.26.2.7 *Deferred payment*

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

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

1.27 BORROWING COSTS

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

1.28 UNAUTHORISED EXPENDITURE

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

1.29 IRREGULAR EXPENDITURE

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

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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

1.32 CAPITAL COMMITMENTS

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

1.33 EVENTS AFTER REPORTING DATE

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

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

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

1.34 RELATED PARTIES

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.35 RELATED PARTIES (CONTINUED)

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

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

1.36.1 Application of Directive 7

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

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

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

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

1.36.2 Impairment of Receivables

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

1.36.3 Useful lives and residual values

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.36.4 Impairment of non-monetary assets

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

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

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

1.36.5 Post-Retirement and Long-term Benefits

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

1.36.6 Provisions and Contingent Liabilities

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

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

1.36.7 Financial assets and liabilities

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

1.36.8 Revenue Recognition

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

1.36.9 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- (a) Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site; and
- (b) Refer to note 19 for other major assumptions utilised

1.36.10 Provision for Staff leave

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

1.36.11 Componentisation of Infrastructure assets

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
2 CASH AND CASH EQUIVALENTS		
Bank Accounts	415 467	9 790 694
Call Investments and Other Deposits	31 855 758	12 580 770
Cash Floats	4 900	4 900
Total	32 276 125	22 376 364
Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Conditional Grants	8 970 198	11 820 868
Working Capital Requirements	23 305 927	10 555 496
	32 276 125	22 376 364
Bank Accounts		
Bredasdorp ABSA - Account number 17 8000 00 62 (Primary Bank Account)		
Bank Statement Balance - Opening Balance	9 808 458	2 737 893
Bank Statement Balance - Closing Balance	466 906	9 808 458
Cashbook Balance - Opening Balance	9 790 694	2 544 164
Cashbook Balance - Closing Balance	415 467	9 790 694
The municipality does not have an overdraft facility		
Call and Notice Deposits		
Call and Notice Deposits consist out of the following accounts:		
ABSA Depositor Plus - Account Number 92 8755 1045	16 364 690	1 789 677
ABSA Depositor Plus - Account Number 92 8755 0641	15 491 068	10 791 093
	31 855 758	12 580 770

Interest of 7 % (2016 - 6.80 % to 7.00 %) are attracted by these short term deposits.

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OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2017

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

30 JUNE 2016

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
Service Receivables	1 703 368	275 046	1 428 322
Electricity	5 723	2 623	3 100
Water	2 166	416	1 751
Refuse	947	474	474
Housing rental	237 866	105 674	132 192
Sundry Debtors	1 456 665	165 860	1 290 805
Other Receivables	4 830 541	-	4 830 541
Accrued Interest	107 687	-	107 687
Asset Sales	4 138 200	-	4 138 200
Payments in Advance	584 654	-	584 654
Total	6 533 908	275 046	6 258 862

Ageing of service receivables:

Electricity Ageing

	2017	2016
	R	R
Current (0 - 30 days)	2	288
Past Due (31 - 60 Days)	-	189
Past Due (61 - 90 Days)	-	-
Past Due (90 Days +)	-	5 246
Total	2	5 723

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OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Water Ageing		
Current (0 - 30 days)	589	860
Past Due (31 - 60 Days)	63	235
Past Due (61 - 90 Days)	-	300
Past Due (90 Days +)	-	771
Total	652	2 166
Refuse Ageing		
Current (0 - 30 days)	-	-
Past Due (31 - 60 Days)	-	-
Past Due (61 - 90 Days)	-	-
Past Due (90 Days +)	-	947
Total	-	947
Housing Rental Ageing		
Current (0 - 30 days)	27 758	24 900
Past Due (31 - 60 Days)	7 950	1 618
Past Due (61 - 90 Days)	6 438	-
Past Due (90 Days +)	46 396	211 348
Total	88 542	237 866
Sundry Debtors Ageing		
Current (0 - 30 days)	633 623	801 730
Past Due (31 - 60 Days)	198 654	216 856
Past Due (61 - 90 Days)	85 741	97 031
Past Due (90 Days +)	227 356	341 048
Total	1 145 374	1 456 665
Total Service Receivables Ageing		
Current (0 - 30 days)	661 972	827 779
Past Due (31 - 60 Days)	206 667	218 898
Past Due (61 - 90 Days)	92 179	97 331
Past Due (90 Days +)	273 752	559 360
Total	1 234 570	1 703 368

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Reconciliation of Allowance for impairment		
Balance at the beginning of the period	275 046	460 107
Contribution to the provision	104 549	67 383
Electricity	2 986	(9 410)
Water	330	(1 363)
Refuse	474	(1 751)
Housing rental	48 830	79 239
Sundry Debtors	51 929	667
Bad Debts Written off	(246 219)	(252 444)
Electricity	(5 609)	(22 471)
Water	(746)	(3 170)
Refuse	(947)	(2 683)
Housing rental	(131 221)	(134 582)
Sundry Debtors	(107 696)	(89 538)
Balance at the end of the period	133 375	275 046

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

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2017

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2016

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	22 464	10 447	12 017
Legal Fees	22 464	10 447	12 017
Other Receivables	149 931	-	149 931
Sundry Debtors	113 637	-	113 637
Suspense Debtors	36 294	-	36 294
Total	172 395	10 447	161 948

	2017 R	2016 R
Ageing of service receivables:		
Legal Fees Ageing		
Current (0 - 30 days)	1 657	768
Past Due (31 - 60 Days)	1 118	217
Past Due (61 - 90 Days)	2 423	730
Past Due (90 Days +)	8 885	20 749
Total	14 084	22 464

Reconciliation of Allowance for impairment

Balance at the beginning of the period	10 447	17 370
Contribution to the provision	5 244	14 613
Legal Fees	5 244	1 513
Sundry Debtors	-	13 100
Bad Debts Written off	(11 607)	(21 536)
Legal Fees	(11 607)	(8 436)
Suspense Debtors	-	(13 100)
Balance at the end of the period	4 084	10 447

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

5 OPERATING LEASES	2017 R	2016 R
5.1 Operating Lease Asset	-	-
<p>The municipality will receive the following lease payments from contracts that have defined lease payments and terms.</p>		
Within 1 Year	28 801	126 915
Between 1 and 5 Years	-	28 801
	28 801	155 717

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

The lease payments are in respect of properties being leased out over a period ranging up to 2018 (2016 - 2018)

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

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

Within 1 Year	16 052	-
Between 1 and 5 Years	31 102	-
	47 154	-

The operating lease liability relates to the following lease arrangements:

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
6 TAXES		
Vat Payable	(822 084)	(626 083)
Vat Receivable	3 449 246	11 996 161
Total	2 627 162	11 370 079
Balance Previously Reported		(409 019)
Prior Period Adjustment - Refer to note 39.03		11 779 098
Restated Balance on 30 June 2016		11 370 079

VAT is accounted for on the payment basis.

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

7 INVENTORY

Consumables	988 946	749 823
Printing & Stationary	25 440	23 919
Fuel & Oil	690 490	502 383
Spare Parts	38 579	87 209
Grader Blades	144 810	86 907
Cleaning Materials	19 198	22 636
Other	70 429	26 768
Total	988 946	749 823

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

No inventory were pledged as security for liabilities.

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

	2 144	-
Inventory recognised as an expense during the year.	9 334 848	8 509 744

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
8 INVESTMENT PROPERTY		
Investment Property - Opening Carrying Value	-	111 000
Cost	-	111 000
Accumulated Depreciation	-	-
Disposals	-	(111 000)
Investment Property - Closing Carrying Value	-	-
Cost	-	-
Accumulated Depreciation	-	-

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

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

No Rental revenue were earned from Investment Properties

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2017

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2016

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Opening Carrying Value	14 851 876	13 622 118	31 260	673 115	11 256 088	40 434 456
Cost	20 278 558	25 442 403	46 110	1 337 117	17 045 014	64 149 202
Accumulated Depreciation	(5 426 682)	(11 820 286)	(14 850)	(664 001)	(5 788 926)	(23 714 745)
Additions	120 224	87 579	-	2 521 868	747 258	3 476 928
Depreciation for the year	(251 900)	(747 670)	(809)	(376 919)	(895 461)	(2 272 758)
Disposals	-	(761 858)	-	(353 152)	(480 034)	(1 595 044)
Cost	-	(1 142 875)	-	(821 872)	(1 228 390)	(3 193 137)
Accumulated Depreciation	-	381 017	-	468 721	748 356	1 598 094
Closing Carrying Value	14 720 200	12 200 169	30 451	2 464 912	10 627 851	40 043 583
Cost	20 398 782	24 387 107	46 110	3 037 112	16 563 882	64 432 993
Accumulated Depreciation	(5 678 582)	(12 186 938)	(15 659)	(572 200)	(5 936 031)	(24 389 410)
Balance Previously Reported	14 720 200	12 221 853	30 451	2 464 912	10 627 851	40 065 267
Prior Period Adjustment - Refer to note 39.02	-	(21 684)	-	-	-	(21 684)
Restated Balance on 30 June 2016	14 720 200	12 200 169	30 451	2 464 912	10 627 851	40 043 583

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

		2017 R	2016 R
10	INTANGIBLE ASSETS		
	Intangible Assets - Carrying Value	<u>450 420</u>	<u>351 638</u>

The movement in intangible assets is reconciled as follows:

Opening Carrying Value	351 638	314 158
Cost	986 430	887 235
Accumulated Depreciation	(634 792)	(573 077)
Additions	174 199	99 195
Amortisation for the year	(75 417)	(61 715)
Closing Carrying Value	450 420	351 638
Cost	1 160 629	986 430
Accumulated Depreciation	(710 209)	(634 792)

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

11 CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value	<u>8 817 832</u>	<u>9 979 647</u>
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The movement in capitalised restoration cost is reconciled as follows:

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

11

CAPITALISED RESTORATION COST (PPE) (CONTINUED)

	2017 R	2016 R
Opening Carrying Value	9 979 647	11 129 780
Cost	11 310 376	12 067 400
Accumulated Depreciation	(1 258 539)	(846 325)
Accumulated Impairments	(72 191)	(91 295)
Disposals	(792 216)	(757 024)
Depreciation for the year	(383 833)	(412 214)
Reversal of Impairments for the year	14 234	19 104
Closing Carrying Value	8 817 832	9 979 647
Cost	10 518 160	11 310 376
Accumulated Depreciation	(1 642 371)	(1 258 539)
Accumulated Impairments	(57 957)	(72 191)

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

12

EMPLOYEE BENEFITS

	2017 R	2016 R
Employee Benefits (Roads)	<u>28 432 572</u>	<u>28 432 572</u>
The movement in Employee Benefits (Roads) are reconciled as follows:		
Opening Balance	28 432 572	28 432 572
Contribution during the year	2 884 046	2 946 363
Current Service Cost	627 022	580 169
Interest Cost	2 257 024	2 366 194
Refunded to/(Claimed from) Department of Roads	(2 062 757)	777 411
Actuarial Gain	(821 289)	(3 723 774)
Total	<u>28 432 572</u>	<u>28 432 572</u>

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

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

13

LONG-TERM LIABILITIES

	2017 R	2016 R
Annuity Loans	472 957	633 620
Finance Lease Liabilities	3 547 479	2 481 937
Sub-Total	4 020 437	3 115 556
Less: Current portion of Long-term Liabilities	1 205 774	527 645
Annuity Loans	176 204	160 662
Finance Lease Liabilities	1 029 570	366 983
Total	2 814 663	2 587 911

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

Annuity Loans

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

INCA	472 957	633 620
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Interest is calculated at an interest rate of 9.45% (2016 - 9.45%) and the loan will be fully redeemed on 31 December 2019. The liability is not secured.

Annuity loans are payable as follows:

Payable within one year	216 873	216 873
Payable within two to five years	325 309	542 181
Payable after five years	-	-
Total amount payable	542 181	759 054
Less: Outstanding Future Finance Charges	(69 224)	(125 434)
Present value of annuity loans	472 957	633 620

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

13

LONG-TERM LIABILITIES (CONTINUED)

Finance Lease Liabilities

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

		2017 R	2016 R
Nr	Institution	Interest Rate	Lease Term
1	Assatech (Copiers)	Redeemed (2016 - 16.55.%)	1 September 2013 - 31 August 2016
2	Avis (Vehicles)	10.03% to 17.49%	31 March 2016 - 30 April 2019
3	Nashua (Copiers)	10.50%	1 September 2016 to 30 September

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

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2017 R	2016 R	2017 R	2016 R
1	-	29 174	-	32 823
2	1 919 524	2 435 739	1 968 375	2 449 114
3	1 524 670	-	1 579 105	-
	<u>3 444 194</u>	<u>2 464 912</u>	<u>3 547 479</u>	<u>2 481 937</u>

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

The municipality did not treat the accounting for cellular phones and tablets (leased contracts) correctly for the period ending 30 June 2016 and 30 June 2017 as per GRAP standards 13 and 17. The effect is not considered material for the entity.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
13		
LONG-TERM LIABILITIES (CONTINUED)		
Finance Lease Liabilities are payable as follows:		
Payable within one year	1 386 868	651 988
Payable within two to five years	2 720 401	2 509 444
Total amount payable	4 107 269	3 161 432
Less: Outstanding Future Finance Charges	(559 789)	(679 495)
Present value of finance lease liabilities	3 547 479	2 481 937
14		
CONSUMER DEPOSITS		
Electricity	11 820	11 820
Total	11 820	11 820
Guarantees held in lieu of Electricity Deposits	-	-
The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.		
15		
PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	1 238 438	552 700
Payments received in advance	594 321	492 179
Retentions and Guarantees	-	-
Balance Previously Reported		1 039 740
Prior Period Adjustment - Refer to note 39.04		(1 039 740)
Housing Rent Deposits	24 332	23 352
Suspense Accounts	177 719	158 375
Total	2 034 810	1 226 606

Payables are being recognised net of any discounts received

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

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

The Retentions and Guarantees relates to a financial guarantee received from the Department of Transport and Public Works for the rehabilitation of land. The Retention was released in 2014/2015.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
16 UNSPENT CONDITIONAL GOVERNMENT GRANTS		
National Government	-	227
Provincial Government	8 970 198	11 820 641
Total	8 970 198	11 820 868

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current period.

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

The significant unspent balance on 30 June 2017 can mainly be attributed to a substantial advance received from the Provincial Roads Department (R7 215 129) and approved roll over grants from Provincial Treasury (R 1 668 003)

	2017	2016
17 CURRENT EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	3 020 285	2 649 204
Long Service Awards	621 706	654 450
Bonuses	1 781 453	1 720 596
Staff Leave	4 403 942	4 018 965
Total	9 827 385	9 043 215

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	1 720 596	1 572 118
Contribution during the year	3 963 522	3 822 791
Payments made	(3 902 665)	(3 674 314)
Opening Balance	1 781 453	1 720 596

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

17	CURRENT EMPLOYEE BENEFITS (CONTINUED)	2017 R	2016 R
	<u>Staff Leave</u>		
	Opening Balance	4 018 965	3 796 449
	Contribution during the year	727 689	422 513
	Payments made	(342 712)	(199 997)
	Opening Balance	4 403 942	4 018 965

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

18	EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits	57 584 774	55 456 360
	Long Service Awards	5 039 136	5 111 253
	Sub-Total	62 623 910	60 567 613
	Less: Current portion of Employee Benefits	3 641 991	3 303 654
	Post Retirement Medical Benefits	3 020 285	2 649 204
	Long Service Awards	621 706	654 450
	Total	58 981 919	57 263 959

18.1 Post Retirement Medical Benefits

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

Opening Balance	55 456 360	56 911 545
Contribution during the year	6 521 654	6 257 115
Current Service Cost	1 693 603	1 524 403
Interest Cost	4 828 051	4 732 712
Payments made	(2 634 649)	(2 456 755)
Actuarial Gain	(1 758 591)	(5 255 545)
Total balance at year-end	57 584 774	55 456 360
Less Current Portion	3 020 285	2 649 204
Total	54 564 489	52 807 156

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

18 EMPLOYEE BENEFITS (CONTINUED)

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

	2017	2016
In-service members	111	116
Continuation members	83	80
Total	194	196

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

	2017 R	2016 R
In-service members	22 180 958	22 975 228
Continuation members	35 403 817	32 481 132
Total Unfunded Liability	57 584 775	55 456 360

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

	2015 R	2014 R	2013 R
In-service members	20 687 379	18 182 623	14 448 503
Continuation members	36 224 166	35 270 399	35 725 476
Total Unfunded Liability	56 911 545	53 453 022	50 173 979

Experience adjustments were calculated as follows:

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

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

	2015 R m	2014 R m	2013 R m
Liabilities: (Gain)/Loss	0.132	0.349	0.491
Assets: Gain/(Loss)	-	-	-

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

18 EMPLOYEE BENEFITS (CONTINUED)

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

Bonitas
LA Health
Samwumed
Keyhealth

	2017	2016
Key Actuarial Assumptions used are as follows:		
Interest Rates		
Discount rate	9.08%	8.91%
Health Care Cost Inflation Rate	7.49%	8.06%
Net Effective Discount Rate	1.48%	0.80%

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

Mortality Rates

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

Normal Retirement Age

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

Last Valuation

The last valuation was performed on 19 June 2017.

Actuarial Valuation Method

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	22.181	35.404	57.585	
Health care inflation				
+ 1%	26.682	38.767	65.448	14%
- 1%	18.597	32.476	51.073	-11%
Discount rate				
+ 1%	18.673	32.540	51.213	-11%
- 1%	26.654	38.747	65.401	14%
Post-retirement mortality				
- 1 year	22.892	36.857	59.749	4%
Average retirement age				
- 1 year	24.107	35.404	59.511	3%
Continuation of membership at retirement				
- 10%	20.092	35.404	55.496	-4%

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

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	1.522	5.093	6.614	
Health care inflation				
+ 1%	1.855	5.806	7.660	16%
- 1%	1.260	4.502	5.762	-13%
Discount rate				
+ 1%	1.277	5.012	6.289	-5%
- 1%	1.836	5.162	6.998	6%
Post-retirement mortality				
- 1 year	1.570	5.289	6.859	4%
Average retirement age				
- 1 year	1.546	5.267	6.814	3%
Continuation of membership at retirement				
- 10%	1.379	4.903	6.282	-5%

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OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

18 EMPLOYEE BENEFITS (CONTINUED)

18.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

	2017 R	2016 R
Opening Balance	5 111 253	4 804 563
Contribution during the year	767 463	697 897
Current Service Cost	361 257	343 706
Interest Cost	406 206	354 191
Payments made	(623 574)	(510 883)
Actuarial (Gain)/Loss	(216 006)	119 676
Total balance at year-end	5 039 136	5 111 253
Less Current Portion	621 706	654 450
Total	4 417 430	4 456 803

The following members are eligible for long service bonuses:

	2017	2016
In-service members	282	286

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

	2017 R	2016 R
In-service members	5 039 136	5 111 253
Total Unfunded Liability	5 039 136	5 111 253

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

	2015 R	2014 R	2013 R
In-service members	4 804 563	4 370 073	4 116 067
Total Unfunded Liability	4 804 563	4 370 073	4 116 067

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

18

EMPLOYEE BENEFITS (CONTINUED)

Experience adjustments were calculated as follows:

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

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

	2015 R	2014 R	2013 R
Liabilities: (Gain)/Loss	272 504	60 179	(46 194)
Assets: Gain/(Loss)	-	-	-

Key Actuarial Assumptions used are as follows:

Interest Rates

	2017	2016
Discount rate	8.09%	8.48%
General Salary Inflation (long-term)	6.02%	7.14%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.96%	1.25%

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

Last Valuation

The last valuation was performed on 19 June 2017.

Actuarial Valuation Method

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R		
18 EMPLOYEE BENEFITS (CONTINUED)				
Sensitivity Analysis - Liability at year-end				
	Total liability (Rm)	% change		
Assumption				
Liability	5.039			
General salary inflation				
+ 1%	5.340	6%		
- 1%	4.766	-5%		
Discount rate				
+ 1%	4.754	-6%		
- 1%	5.358	6%		
Average retirement age				
- 2 years	4.148	-18%		
+ 2 years	5.821	16%		
Withdrawal rates				
- 50%	5.804	15%		
Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)				
	Current Service Cost R	Interest Cost R	Total Cost R	% change
Assumption				
Future Cost	349 100	383 200	732 300	
General salary inflation				
+ 1%	377 700	407 400	785 100	7%
- 1%	323 800	361 200	685 000	-6%
Discount rate				
+ 1%	326 000	404 700	730 700	0%
- 1%	375 600	358 400	734 000	0%
Average retirement age				
- 2 years	296 400	311 100	607 500	-17%
+ 2 years	394 200	446 500	840 700	15%
Withdrawal rates				
- 50%	457 700	445 100	902 800	23%

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

18 EMPLOYEE BENEFITS (CONTINUED)

18.3 Other Pension Benefits

	2017	2016
	R	R
Defined Benefit Plans		
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	871 498	845 905
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 103.5% (30 June 2015 - 101.4%).		
Consolidated Retirement Fund (former Cape Retirement Fund)	6 395 994	5 991 119
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 118.0% (30 June 2015 - 112.1%).		
Total	7 267 491	6 837 024

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

18 EMPLOYEE BENEFITS (CONTINUED)

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

Defined Contribution Plans	2017 R	2016 R
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	70 914	55 335
SAMWU National Provident Fund	1 215 965	1 240 283
Total	1 286 880	1 295 618

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

19 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	20 764 061	19 507 943
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	19 507 943	18 431 649
Contribution during the period	1 256 118	1 076 294
Increase/(Decrease) in estimate	(792 216)	(757 024)
Interest Cost	2 048 334	1 833 318
Total balance at period-end	20 764 061	19 507 943
Less Current Portion	-	-
Total	20 764 061	19 507 943

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

21

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

Conditional Grants - National Government

Financial Management Grant (FMG)

Municipal Systems Improvement Grant (MSIG)

Expanded Public Works Program (EPWP)

Rural Roads Asset Management System

Municipal Disaster Recovery Grant

Conditional Grants - Provincial Government

Roads Subsidy

Health Subsidy

Disaster and Emergency Services

Other Provincial Allocations

Conditional Grants - National Departmental Agencies

Education, Training and Development Practices SETA

Total

Disclosed as:

Revenue from Non-Exchange Transactions (Operating)

Revenue from Non-Exchange Transactions (Capital)

Revenue from Exchange Transactions (Operating - Roads Subsidy)

Total

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

Equitable share

Management Services

Community & Technical Services

Total

2017

R

2016

R

52 163 000

51 338 000

52 163 000

51 338 000

4 677 227

5 351 583

1 250 000

1 250 000

-

930 000

1 000 000

1 000 000

2 427 227

2 153 773

-

17 810

72 739 456

73 519 933

69 283 538

70 000 332

138 350

138 021

2 200 000

-

1 117 569

3 381 580

284 133

277 911

284 133

277 911

129 863 816

130 487 427

58 277 205

60 326 728

2 303 073

160 367

69 283 538

70 000 332

129 863 816

130 487 427

52 163 000

51 338 000

8 417 278

9 149 095

69 283 538

70 000 332

129 863 816

130 487 427

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OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2017 R	2016 R
	The movements per grant can be summarised as follows:		
	21.01 Equitable Share		
	Grants Received	52 163 000	51 338 000
	Transferred to Revenue - Operating	(52 163 000)	(51 338 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
	21.02 Financial Management Grant (FMG)		
	Grants Received	1 250 000	1 250 000
	Transferred to Revenue - Operating	(1 250 000)	(1 250 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.		
	21.03 Municipal Systems Improvement Grant (MSIG)		
	Grants Received	-	930 000
	Transferred to Revenue - Operating	-	(930 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>

The MSIG is a conditional grant used to build in-house capacity to perform municipal functions and stabilise institutional and governance systems.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2017 R	2016 R
	21.04 Expanded Public Works Program (EPWP)		
	Grants Received	1 000 000	1 000 000
	Transferred to Revenue - Operating	(1 000 000)	(1 000 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>

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.

21.05 Rural Roads Asset Management System

Opening Unspent Balance	227	-
Grants Received	2 427 000	2 154 000
Transferred to Revenue - Operating	(2 427 227)	(2 153 773)
Closing Unspent Balance	<u>-</u>	<u>227</u>

The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).

21.06 Roads Subsidy

Opening Unspent Balance	11 374 880	1 597 271
Grants Received	65 123 786	79 777 940
Transferred to Revenue - Operating	(69 283 538)	(70 000 332)
Closing Unspent Balance	<u>7 215 129</u>	<u>11 374 880</u>

The road subsidy is utilised to upgrade and maintain the provincial roads network in the municipal area.

21.07 Health Subsidy

Grants Received	138 350	138 021
Transferred to Revenue - Operating	(138 350)	(138 021)
Closing Unspent Balance	<u>-</u>	<u>-</u>

Health subsidies was used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
21.08 Other Provincial Allocations		
Opening Unspent Balance	445 761	2 653 689
Grants Received	4 911 010	2 219 373
Transferred to Revenue - Capital	(2 303 073)	(160 367)
Transferred to Revenue - Operating	(1 298 629)	(3 516 934)
Grants repaid to National/Provincial Treasury	-	(750 000)
Closing Unspent Balance	1 755 069	445 761
Other Provincial Allocations includes grants such as:		
- Coastal Management Grant		
- Provincial Finance Management Support Grant		
- SETA Training Fund		
- Greenest Municipality		
- Municipal Finance Improvement Programme		
- Other Provincial Contributions		
21.09 Total Grants		
Opening Unspent Balance	11 820 868	4 250 961
Grants Received	127 013 146	138 807 334
Transferred to Revenue - Capital	(2 303 073)	(160 367)
Transferred to Revenue - Operating	(127 560 743)	(130 327 060)
Grants repaid to National/Provincial Treasury	-	(750 000)
Closing Unspent Balance	8 970 198	11 820 868
22 PUBLIC CONTRIBUTIONS AND DONATIONS		
Public Contributions and Donations	3 200	-
Total	3 200	-
23 ACTUARIAL GAINS		
Post Retirement Medical Benefits	1 758 591	5 255 545
Long Service Awards	216 006	-
Total	1 974 597	5 255 545

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
24 REVERSAL OF IMPAIRMENTS		
Capitalised Restoration Cost (PPE)	14 234	19 104
Total	14 234	19 104

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

25 SERVICE CHARGES		
Landfill Revenue	547 590	1 946 635
Municipal Services	253 852	449 099
Total	801 442	2 395 734

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

26 RENTAL OF FACILITIES AND EQUIPMENT		
Resorts	13 064 614	11 982 997
Equipment	80 268	38 891
Other	111 853	120 767
Total	13 256 736	12 142 655

27 AGENCY SERVICES		
Roads	8 114 737	6 591 829
Total	8 114 737	6 591 829

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

28	OTHER INCOME	2017 R	2016 R
	Administration Fees	112 104	8 358
	Breakages and Losses	1 953	2 807
	Cash Surpluses	8 406	1 893
	Entrance Fees	346 617	246 790
	Fire Services	1 100 000	4 914
	Inspection Fees	102 049	89 783
	Scrap	1 432	48 000
	Shared Services	487 015	341 120
	Sundry Income	30 986	60 906
	Tender Documents	20 042	322 031
	Training Fees	1 864	5 763
	Total	2 212 466	1 132 365

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

29	EMPLOYEE RELATED COSTS		
	Basic Salaries and Wages	52 496 220	49 214 472
	Bonus	3 963 522	3 822 791
	Pension Fund Contributions	8 410 048	7 978 286
	Medical Aid Contributions	3 659 217	3 335 938
	Motor Vehicle Allowance	4 563 089	4 384 112
	Overtime	2 225 882	2 224 693
	UIF Contributions	451 083	415 270
	Cellphone Allowance	317 046	180 124
	Acting or Post Related Allowance	-	26 854
	Housing Allowances	670 302	701 046
	Standby Allowance	1 983 384	1 522 367
	Uniform Allowance	32 510	-
	Group Life Insurance	1 134 856	1 064 828
	Bargaining Council Levy	27 579	26 666
	Leave Contributions	727 689	422 513
	Long service awards	361 257	343 706
	Post Retirement Medical Benefits	1 693 603	1 524 403
	Total	82 717 286	77 188 068

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

29

EMPLOYEE RELATED COSTS (CONTINUED)

Remuneration of Key Personnel

Key personnel are appointed on fixed term contracts.

Remuneration of the Municipal Manager - D P Beretti

	2017 R	2016 R
Basic Salary	1 293 624	1 220 246
Pension and UIF Contributions	1 785	1 785
Motor Vehicle Allowance	186 814	177 794
Housing Allowance	1 279	1 366
Cellphone Allowance	6 000	6 000
Bargaining Council Levy	92	87
Total	1 489 594	1 407 278

Remuneration of the Community and Technical Services - R Geldenhuys (Acting) (July 2015 to August 2015)

Basic Salary	-	63 056
Pension and UIF Contributions	-	10 905
Medical Aid Contributions	-	7 072
Motor Vehicle Allowance	-	37 983
Other benefits and allowances	-	17 007
Bargaining Council Levy	-	15
Total	-	136 037

Remuneration of the Chief Financial Officer - JCP Tesselaar

Basic Salary	979 200	926 714
Pension and UIF Contributions	1 785	1 785
Motor Vehicle Allowance	125 759	116 504
Housing Allowance	2 726	2 306
Cellphone Allowance	6 000	6 000
Other benefits and allowances	23 501	20 208
Bargaining Council Levy	92	87
Total	1 139 063	1 073 604

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

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REMUNERATION OF COUNCILLORS

	2017 R	2016 R
Annual Remuneration	3 382 380	3 391 455
Pension Contributions	142 982	178 202
Motor Vehicle Allowance	1 374 611	1 329 849
Cellphone Allowance	249 594	216 670
Other benefits and allowances	-	66 942
Total	5 149 566	5 183 118

In-kind Benefits

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

Remuneration detail of Councillors

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

Outgoing Council

Mayor	LM De Bruyn	87 638	853 685
Deputy Mayor	JDT Loubser	-	453 215
Speaker	JGA Nieuwoudt	41 352	364 074
Speaker (Up to August 2015)	DF Du Toit	-	80 455
Mayoral Committee	AE Franken	66 389	667 214
Mayoral Committee	IM Sileku	37 103	383 117
Mayoral Committee	KJ Tiemie	38 127	378 766
Mayoral Committee/Direct	LD Oosthuizen	88 319	278 182
Direct	AJ Appel	29 495	263 445
Direct	JJ Arendse	29 495	216 558
Direct	JC Gelderblom	28 262	267 839
Direct	J Kriel	30 681	276 678
Direct	VE Mentile	28 262	237 750
Direct	DC Ruiters	29 495	261 704
Direct (Up tp July 2015)	SS Tebele	-	4 761
Part Time	PN Atyhosi	2 617	23 297
Part Time	ML Hector	1 523	35 782
Part Time	L Krige	2 275	17 282
Part Time	PJ May	1 826	18 855
Part Time	CD November	-	26 928
Part Time	NM Sapepa	945	17 545

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OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

		2017 R	2016 R
30	REMUNERATION OF COUNCILLORS (CONTINUED)		
Part Time	UT Sipunzi	-	31 620
Part Time	RJ Smith	1 827	16 194
Part Time (Up to August 2015)	A Coetsee	-	7 578
Part Time (Up to July 2015)	WE Nell	-	595
Incoming Council			
Mayor	AE Franken	784 474	-
Deputy Mayor	AG Klaas	376 254	-
Speaker	LM De Bruyn	527 245	-
Mayoral Committee	HD Coetzee	486 008	-
Mayoral Committee	MJ Koch	159 922	-
Mayoral Committee	CM Lamprecht	301 981	-
Mayoral Committee	MD Opperman	306 167	-
Direct	KJ Tiemie	255 159	-
Direct	SH Fourie	322 139	-
Direct	MH Witbooi	254 926	-
Direct	JC Gelderblom	255 432	-
Direct	VE Mentile	262 520	-
Direct (Up to April 2017)	CA May	188 727	-
Part Time	N Botha	2 810	-
Part Time	L Ntsabo	2 433	-
Part Time	NM Sapepa	15 070	-
Part Time	EL Sauls	8 282	-
Part Time	EC Marthinus	10 284	-
Part Time	IM Sileku	8 611	-
Part Time	R Brinkhuys	17 412	-
Part Time	UT Sipunzi	21 446	-
Part Time	C Wood	15 905	-
Part Time	N Pieterse	2 886	-
Part Time (Up to February 2017)	FAK Africa	17 842	-
Total		5 149 566	5 183 118
31	DEBT IMPAIRMENT		
Receivables from exchange transactions		104 549	67 383
Receivables from non-exchange transactions		5 244	14 613
Total		109 793	81 995

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
32 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	2 794 830	2 272 758
Intangible Assets	75 417	61 715
Capitalised Restoration Cost (PPE)	383 833	412 214
Total	3 254 079	2 746 687
33 ACTUARIAL LOSSES		
Long Service Awards	-	119 676
Total	-	119 676
34 FINANCE CHARGES		
Annuity Loans	56 210	70 548
Finance Lease Liabilities	439 235	92 643
Rehabilitation Provision - Landfill Sites	2 048 334	1 833 318
Post Retirement Medical Benefits	4 828 051	4 732 712
Long Service Awards	406 206	354 191
Total	7 778 036	7 083 412
35 CONTRACTED SERVICES		
Accounting, Business and Financial Management	3 647 347	3 757 925
Audit Committee	128 285	102 721
Burial Services	32 109	30 260
Contractors - Maintenance of Buildings and Facilities	535 796	805 251
Contractors - Maintenance of Equipment	832 560	826 908
Contractors - Maintenance of Unspecified Assets	2 112 065	2 304 783
Editing and Translating	43 559	21 349
Fire Services	595 511	668 826
Human Resources	229 675	87 771
Laboratory Services	263 166	265 446
Landfill site operational & maintenance	547 590	1 946 635
Legal Cost	641 813	237 370
Occupational Health and Safety	3 175	2 286
Project Management	2 349 011	1 662 538
Security Services	469 718	18 950
Other	361 672	117 852
Total	12 793 051	12 856 871

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
36 TRANSFERS AND GRANTS		
Bursaries	120 000	-
Grants Paid to Institutions	-	17 313
Total	120 000	17 313
37 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	246 520	154 184
Audit Fees	2 093 518	2 379 908
Bank Charges, Facility and Card Fees	110 485	93 729
Blades	481 450	385 296
Catering and Refreshments	178 727	113 777
Cleaning materials	72 115	148 602
Entertainment - Mayor	76 566	2 220
Equipment Rental	499 528	1 579 059
Freight Services	96 373	17 666
Fuel Cost	9 860 719	8 819 680
Insurance	506 292	432 919
Maintenance Materials and Small Tools	22 982 698	26 707 114
Management Fee	6 647	6 572
Membership Fees	876 707	778 014
Motor Vehicle Licence and Registrations	34 651	42 432
Municipal services	4 919 092	4 855 987
Office rental	261 855	142 928
Oil	173 313	153 819
Parrafin Oil	-	142 290
Printing, Publications and Stationery	647 238	575 750
Resettlement Cost	3 000	-
Safety clothes	562 554	199 687
Skills development levy	774 447	641 872
Telephone and Postage	1 470 128	1 717 904
Training and Workshops	379 589	350 039
Travel and subsistence	328 821	353 899
Tyres	1 548 744	1 321 093
Workmen's Compensation Contributions	475 226	460 330
General Expenses	220 793	498 324
Total	49 887 796	53 075 094

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

38 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. This view is consistent with the requirements of mSCOA.

Refer to note 39.01 for more detail relating to the reclassification of the repairs and maintenance line item previously disclosed.

The following expenditure relating to repairs and maintenance projects, which is more comprehensive than only the expenditure previously allocated to the repairs and maintenance line item, were identified by the the municipality:

	2017 R	2016 R
Employee Related Costs	29 847 700	28 228 364
Contracted Services	4 094 672	5 894 978
Other Expenditure	35 145 626	38 769 702
Total	69 087 998	72 893 043

	2017 R	2016 R
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In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:

	2017 R	2016 R
Land and Buildings (Including Resorts)	676 482	1 426 773
Machinery and Equipment	1 474 523	799 063
Landfill Site	547 590	1 946 635
Roads	60 191 462	64 609 014
Vehicles	6 197 941	4 111 558
Total	69 087 998	72 893 043

39 PRIOR PERIOD ADJUSTMENTS

2016
R

39.01 IMPLEMENTATION OF MSCOA INTRODUCED BY NATIONAL TREASURY - STATEMENT OF FINANCIAL PERFORMANCE

National Treasury have recently introduced legislation relating to the chart of accounts to be used by municipalities/municipal entities (referred to as the "Municipal Standard Chart of Accounts (mSCOA)"). This regulation was legislated on 22 April 2014 and will only be adopted by all municipalities on 1 July 2017. Overberg District Municipality opted to early adopt the the mSCOA regulations on 1 July 2016.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

39

PRIOR PERIOD ADJUSTMENTS (CONTINUED)

2016

The following items were reclassified on the face of the Statement of Financial Performance to ensure compliance with both mSCOA Regulation and GRAP. These items does not constitute a prior year error in terms of GRAP 3 and will improve the reporting to the users of the financial statements.

Revenue

Effect on Service Charges	1 950 103
Effect on Rental of Facilities and Equipment	1 118
Effect on Licences and Permits	(41 618)
Effect on Other Income	(1 909 604)
Net Effect on Total Revenue	-

Expenditure

Effect on Repairs and Maintenance	36 252 909
Effect on Contracted services	(10 986 013)
Effect on Other Expenditure	(25 266 897)
Net Effect on Total Expenditure	-

Net Effect on Surplus for the Year

-

CORRECTION OF ERROR IN TERMS OF GRAP 3

39.02 PROPERTY PLANT AND EQUIPMENT

Balance Previously Reported	40 065 267
Recognise Infrastructure assets previously excluded from the fixed asset register	730 515
Effect up to 30 June 2015 (Cost) - Refer to note 39.05	914 915
Effect up to 30 June 2015 (Depreciation) - Refer to note 39.05	(164 937)
Effect during 2015/2016 (Depreciation) - Refer to note 39.06	(19 464)
Remove infrastructure assets previously not disposed on 30 June 2016 - Refer to note 39.06	(752 199)
Effect on Cost	(1 124 484)
Effect on Accumulated Depreciation	372 285
Restated Balance on 30 June 2016	40 043 583

39.03 TAXES

Balance Previously Reported	(409 020)
Restatement of VAT claimed in current year, relating to financial years starting on or before 30 June 2016, on Vatable supplies previously not claimed	11 779 098
Effect up to 30 June 2015 - Refer to note 39.05	7 646 363
Effect during 2015/2016 - Refer to note 39.06	4 132 735
Restated Balance on 30 June 2016	11 370 078

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

39	PRIOR PERIOD ADJUSTMENTS (CONTINUED)	2016 R
	39.04 PAYABLES FROM EXCHANGE TRANSACTIONS	
	Balance Previously Reported	2 266 346
	Retentions and Guarantees incorrectly not recognised as revenue during 2014/2015 when municipality received confirmation from third party that outstanding money should not be repaid - Refer to note 39.05	(1 039 740)
	Restated Balance on 30 June 2016	1 226 606
	39.05 ACCUMULATED SURPLUS	
	Balance Previously Reported	4 937 395
	Prior Period Adjustments up to 30 June 2015	9 436 081
	Restatement of VAT claimed in current year, relating to financial years starting on or before 30 June 2016, on Vatable supplies previously not claimed - Refer to note 39.03	7 646 363
	Recognise Infrastructure assets previously excluded from the fixed asset register (Cost and Accumulated Depreciation up to 30 June 2015) - Refer to note 39.02	749 979
	Retentions and Guarantees incorrectly not recognised as revenue during 2014/2015 when municipality received confirmation from third party that outstanding money should not be repaid - Refer to note 39.04	1 039 740
	Prior Period Adjustments during 2015/2016 - Refer to note 39.06	3 361 073
	Restated Balance on 30 June 2016	17 734 549
	39.06 STATEMENT OF FINANCIAL PERFORMANCE	
	Balance Previously Reported	1 112 522
	Restatement of VAT claimed in current year, relating to financial years starting on or before 30 June 2016, on Vatable supplies previously not claimed - Refer to note 39.03	4 132 735
	Effect on Contracted Services	75 776
	Effect on General Expenses	4 056 959
	Recognise Infrastructure assets previously excluded from the fixed asset register (Depreciation) - Refer to note 39.02	(19 464)
	Remove infrastructure assets previously not disposed on 30 June 2016 - Refer to note 39.02	(752 199)
	Restated Balance on 30 June 2016	4 473 595

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OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

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NET CASH FROM OPERATING ACTIVITIES

	2017 R	2016 R
Net Surplus/(Deficit) for the period	(2 557 201)	4 473 595
Adjusted for:		
Non-Cash Revenue	(2 099 583)	(8 793 649)
Contributed Assets	(110 752)	-
Actuarial Gains	(1 974 597)	(5 255 545)
Reversal of Impairments	(14 234)	(19 104)
Gain on disposal of Investment Property	-	(3 519 000)
Non-Cash Expenditure	10 808 329	11 014 014
Debt Impairment	109 793	81 995
Depreciation and Amortisation	3 254 079	2 746 687
Actuarial losses	-	119 676
Finance Charges	7 282 591	6 920 221
Stock Adjustments	2 144	-
Loss on disposal of PPE	159 722	1 145 434
Contributions - Provisions and Employee Benefits	6 746 070	6 113 413
Post Retirement Medical Benefits	1 693 603	1 524 403
Long Service Awards	361 257	343 706
Bonuses	3 963 522	3 822 791
Staff Leave	727 689	422 513
Expenditure - Provisions and Employee Benefits	(7 503 600)	(6 841 949)
Post Retirement Medical Benefits	(2 634 649)	(2 456 755)
Long Service Awards	(623 574)	(510 883)
Bonuses	(3 902 665)	(3 674 314)
Staff Leave	(342 712)	(199 997)
Other adjustments	(257 826)	(273 980)
Bad Debts Written Off	(257 826)	(273 980)
Operating Surplus before changes in working capital	5 136 189	5 691 444
Movement in working capital	10 529 449	186 524
Receivables from exchange and non-exchange transactions	4 070 265	(3 897 360)
Inventory	(241 267)	179 750
Payables from exchange transactions	808 204	(112 439)
Unspent Conditional Government Grants	(2 850 670)	7 569 907
Taxes	8 742 916	(3 553 334)
Cash Flow from Operating Activities	15 665 639	5 877 968

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017	2016
	R	R
41 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	415 467	9 790 694
Call and Notice Deposits	31 855 758	12 580 770
Cash Floats	4 900	4 900
Total	32 276 125	22 376 364

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

42 BUDGET COMPARISONS

42.1 COMPARABLE BASIS

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

The following items are affected by these classification differences:

Statement of financial position

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

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

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

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

Statement of financial performance

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

42

BUDGET COMPARISONS (CONTINUED)

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

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

42.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Cash	Align budget to 30 June 2016 closing balance
Other Receivables	Align budget to 30 June 2016 closing balance
Investment Property	Align budget to 30 June 2016 closing balance
Property, Plant and Equipment	New Capital Projects identified in adjustment budget. Mainly Leased Printers and vehicles in fire services department.
Capitalised Restoration Cost	Align budget to 30 June 2016 closing balance
Borrowing	New Lease agreement entered into with Nashua in current year
Provisions	Align budget to 30 June 2016 closing balance

Statement of financial position - Budget versus Actual

Cash	Increase in Cash Reserves mainly due to VAT recovery review in current year resulting in favourable result for the municipality.
Other Receivables	Increase the result of outstanding VAT balance emanating from the VAT recovery project referred to above
Property, Plant and Equipment	Fair value of Nashua lease printer lower than anticipated
Trade and other payables	No allocations were made towards unspent conditional grants. The municipality intended to spend all allocations before year-end when the budget were compiled
Borrowing	Fair value of Nashua lease printer lower than anticipated.
Provisions and Employee benefits	Actuarial Gains not budgeted for. Rehabilitation Provision increased at a lower rate than anticipated.

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OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

42.3 MATERIAL VARIANCES

Statement of financial performance - Budget Adjustments

Other Revenue	Downward adjustment proposed due to lower than expected revenue to be collected from Karwyderskraal Fire Services
Finance Charges	New lease agreement entered into in current year and no budget allocation previously for long-term Employee Related Benefits.
Contracted Services	Mainly due to mSCOA adjustment. Refer to large decrease in other expenditure. Increase budget to accommodate for VAT Review performed by contractor.
Other Expenditure	Mainly due to mSCOA adjustments

Statement of financial performance - Budget versus Actual

Other Revenue	Mainly due to actuarial gains and insurance claims not budgeted for.
Employee related cost	Reshuffle of Roads funds
Finance Charges	Interest on Post Retirement benefits more than anticipated.
Contracted Services	mSCOA adjustment. Some Repairs and maintenance materials budgeted for under contracted services
Other Expenditure	Reshuffle of Roads funds

Cash Flow Statement - Budget Adjustments

Other Revenue	Fees for Fire Services to be collected from Theewaterskloof Local Municipality
Government grants - operating	Unspent grant balances incorrectly included cash flow projections of the Original Budget.
Government grants - capital	Additional grant to acquire vehicles in Fire Services department allocated to the Municipality
Capital Assets	New capital projects identified. Mainly vehicles for the fire department

Cash Flow Statement - Budget versus Actual

Government grants - operating	Advance on roads subsidy received not budgeted for
Suppliers and employees	Saving on employee related costs
Proceed on Disposal	Disposal of property not finalised due to objections - See Council Resolution 30/06/2017

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

43

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

43.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

	2017 R	2016 R
Opening balance	1 717 860	108 740
Unauthorised expenditure current period - operating	-	1 717 860
Unauthorised expenditure current year - capital	-	-
Approved by Council	(1 717 860)	(108 740)
Unauthorised expenditure awaiting approval	-	1 717 860

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.

	2017 (Actual) R	2017 (Final Budget) R	2017 (Unauthorised) R
Unauthorised expenditure - Operating			
Municipal Manager	12 872 692	13 888 911	-
Management Services	31 215 651	32 658 421	-
Community & Technical Services	117 883 130	119 420 538	-
Total	161 971 474	165 967 870	-
Unauthorised expenditure - Capital			
Municipal Manager	2 912	135 000	-
Management Services	2 722 217	2 810 500	-
Community & Technical Services	4 056 381	4 718 568	-
Total	6 781 511	7 664 068	-

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
43.2 FRUITLESS AND WASTEFUL EXPENDITURE		
Fruitless and wasteful expenditure consist out of the following:		
Opening balance	1 595	-
Fruitless and wasteful expenditure incurred	10 910	1 595
Approved by Council	(12 505)	-
Fruitless and wasteful expenditure awaiting approval	-	1 595
Details of Fruitless and wasteful expenditure incurred:		
Cancellation Fee of Air Tickets	-	1 595
Cancellation Fee of Accommodation	500	-
Salary paid to employee no longer employed by ODM	10 410	-
Total	10 910	1 595
No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.		
43.3 IRREGULAR EXPENDITURE		
Irregular expenditure consist out of the following:		
Opening balance	946 420	249 869
Irregular expenditure incurred	3 593 110	918 154
Approved by Council	(4 003 977)	(221 603)
Irregular expenditure awaiting approval	535 553	946 420

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
Details of Irregular expenditure incurred :		
Up to date Municipal Account of Supplier not obtained	43 000	32 000
Supply Chain Process not followed	2 035 379	-
Three Quotations not obtained	-	20 812
A director of one supplier is in the service of the state	624 493	50 048
Shortage of diesel due to unaccurate accounting for mobile dieselcars issues.	-	6 006
Participation in Expired Section 32 (1) Contracts	-	809 288
No signed MBD4 Forms	120 000	-
Not registered on Centralised Supplier Database (CSD)	174 565	-
Highest points bidder not awarded tender	136 085	-
Non-compliance with Sec 67(1) of Municipal Systems Act	459 588	-
Total	3 593 110	918 154

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

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance	(584 654)	(539 412)
Expenditure incurred	872 156	774 141
Payments	(1 150 010)	(819 383)
Payments in advance	(862 508)	(584 654)

44.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	2 093 518	2 379 908
External Audit - Auditor-General	2 093 518	2 379 908
Payments	(2 093 518)	(2 379 908)
Outstanding Balance	-	-

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

	2017 R	2016 R
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
44.3 VAT [MFMA 125 (1)(c)]		
Opening balance	149 376	235 236
Amounts received during the year	(13 027 950)	(925 237)
Amounts paid during the year	50 499	307 351
Amounts claimed - current year	14 568 361	839 377
Amounts payable - current year	(50 499)	(307 351)
Outstanding Balance	1 689 787	149 376
Vat in suspense due to cash basis of accounting	937 375	11 220 702
VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.		
44.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Payments due to SARS	12 234 197	10 804 492
Payments	(12 234 197)	(10 804 492)
Outstanding Balance	-	-
44.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Payments due to pension fund and medical aid	18 856 877	20 305 025
Payments	(18 856 877)	(20 305 025)
Outstanding Balance	-	-
44.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]		

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

44

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

2017
R

2016
R

44.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

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

Between R 0 and R 2 000		-
Between R 2 000 and R 10 000	230 836	201 856
Between R 10 000 and R 30 000	390 626	350 182
Between R 30 000 and R 200 000	817 211	408 466
Above R 200 000	251 947	-
Total	1 690 620	960 504

Deviations by Nature:

Sole Supplier	819 942	229 028
Emergency	442 376	338 131
Exceptional Case	428 302	393 345
Total	1 690 620	960 503

44.8 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

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

Supplier	Relationship		
Premium Computers (Candice Eksteen)	Father works at Denel. Fathers name not given.	133 272	136 348
J A Hopley (J A Hopley)	Daughter works for ODM. Regina Mintoor	2 900	16 215
Marshall Amature Winding (Cornelis Janse Norval and Gert Andries Koelenberg)	Me. M Koegelenberg Councillor TWK Municipality and Me J Pretorius TWK Municipality Daughter of CJ Norval	9 851	26 414

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

44

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

		2017 R	2016 R
Easy Mix (Arthur Carelse)	Helena De Jager works at Cape Agulhas Municipality	5 865 787	4 051 917
Boland Valuers (Johann Cristoffel Groenewald)	Me. E Groenewald is a Part Time Councillor at Stellenbosch Municipality	1 995	20 908
Soetmuis Agtien CC (Florence Pieterse)	Spouse Is a member of the Audit Committee at Cape Agulhas Municipality	170 337	1 599 583
LVR Security Services (Leon Vosloo)	CJM Vosloo (spouse) Is the Mayor at TWK Municipality, C Vosloo (daughter) Temporary Admin Clerk at TWK Municipality	77 532	62 677
Mubesko Africa (Hendri Niehaus)	Wife Janine Niehaus is a dietician at Northern Cape Department of Health	161 530	1 064 212
Altimax (Annalien Carstens and Erna Verryne Joubert)	Director's Spouse working at the Department of Higher Education and Training. Shareholder's Parent working at the Department of Social Development. Shareholder's Spouse is a pilot at Mango Soc Ltd	2 164 673	-
Safetech (Elizma Goltz)	Husband works for Melkbos Fire Station	13 634	-
Piston Power (Ujush Andhee)	Wife Nadira Andhee is employed by the Department of Education (KZN) as an Educator	-	183 510

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

		2017 R	2016 R				
44	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)						
	<table border="1" style="width: 100%;"> <tr> <td style="width: 35%;">S'Cees (Esmaralda Dreyer)</td> <td>Neville Dreyer works at Health Department Hermanus ODM</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1 435</td> </tr> </table>	S'Cees (Esmaralda Dreyer)	Neville Dreyer works at Health Department Hermanus ODM	-	1 435		
S'Cees (Esmaralda Dreyer)	Neville Dreyer works at Health Department Hermanus ODM	-	1 435				
	Total	8 601 511	7 163 220				

45 CAPITAL COMMITMENTS

None

46 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

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

46.1 Credit Risk

The following financial assets are exposed to credit risk:

	2017 R	2016 R
Cash and Cash Equivalents	32 276 125	22 376 364
Receivables from exchange transactions	2 112 461	6 258 862
Receivables from non-exchange transactions	386 117	161 948
Total	34 774 703	28 797 174

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.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

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

Long Term Receivables (including current portion)

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

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

46.2 Currency risk (Market Risk)

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Interest rate risk (Market Risk)

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

	2017 R	2016 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	32 271 225	22 371 464
Long-term Liabilities (Including Current Portion)	(4 020 437)	(3 115 556)
Non-Current Provisions (Including Current Portion)	(20 764 061)	(19 507 943)
Net balance exposed	7 486 727	(252 035)

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

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

0.5% (2016 - 1%) increase in interest rates	37 434	-2 520.35
1% (2016 - 0%) decrease in interest rates	(74 867)	-

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

46.4 Liquidity risk

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2017	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	216 873	325 309	-
Finance Lease Liabilities	1 386 868	2 720 401	-
Rehabilitation Provision	-	-	251 981 841
Payables from exchange transactions	1 440 489	-	-
Unspent Conditional Government Grants	8 970 198	-	-
Total	12 014 427	3 045 710	251 981 841
30 JUNE 2016	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	216 873	542 181	-
Finance Lease Liabilities	651 988	2 509 444	-
Rehabilitation Provision	-	-	261 595 761
Payables from exchange transactions	734 426	-	-
Unspent Conditional Government Grants	11 820 868	-	-
Total	13 424 155	3 051 625	261 595 761

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

46.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

47 FINANCIAL INSTRUMENTS

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

Financial Assets

Cash and Cash Equivalents	32 276 125	22 376 364
Receivables from exchange transactions	1 249 954	5 674 208
Receivables from non-exchange transactions	386 117	161 948
Total	33 912 196	28 212 520

Financial Liabilities

Current Portion of Long-term Liabilities	1 205 774	527 645
Payables from exchange transactions	1 440 489	734 426
Long-term Liabilities	2 814 663	2 587 911
Total	5 460 926	3 849 983

48 STATUTORY RECEIVABLES

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

Taxes

VAT Receivable	2 627 162	11 370 079
Total	2 627 162	11 370 079

49 EVENTS AFTER REPORTING DATE

None

50 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following services in kind:

National Treasury has provided support to the municipality under the MFIP II programme by deploying an advisor to the municipality.

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2017

50 IN-KIND DONATIONS AND ASSISTANCE (CONTINUED)

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

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

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

51 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

52 CONTINGENT LIABILITIES

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

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

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

The parents however seek further legal assistance and was advised to sue the Department Social Development for cost (at this stage R4.2 million) due to the injury of their daughter.

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

53 RELATED PARTIES

Related parties are defined in note 1.34

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

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

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

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

OVERBERG DISTRICT MUNICIPALITY

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

54 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATE D OUTCOME 2016 R
Financial Performance						
Service charges	456 828	93 172	550 000	801 442	251 442	2 395 734
Investment revenue	1 200 000	200 000	1 400 000	2 311 483	911 483	2 187 723
Government Grants and Subsidies - Operating	126 160 662	2 579 487	128 740 149	127 593 816	(1 146 333)	130 327 060
Other own revenue	26 693 647	(2 467 665)	24 225 982	26 326 780	2 100 798	28 900 379
Total Operating Revenue	154 511 137	404 994	154 916 131	157 033 521	2 117 390	163 810 896
Employee costs	93 187 785	(14 882)	93 172 903	82 717 286	(10 455 617)	77 188 068
Remuneration of councillors	5 616 668	(222 081)	5 394 587	5 149 566	(245 021)	5 183 118
Debt impairment	-	-	-	109 793	109 793	81 995
Depreciation & asset impairment	3 101 287	2	3 101 289	3 254 079	152 790	2 746 687
Finance charges	258 731	4 864 338	5 123 069	7 778 036	2 654 967	7 083 412
Transfers and grants	-	-	-	120 000	120 000	17 313
Other expenditure	56 293 969	2 882 052	59 176 022	62 842 714	3 666 692	67 197 075
Total Expenditure	158 458 440	7 509 429	165 967 870	161 971 474	(3 996 396)	159 497 669
Surplus/(Deficit)	(3 947 303)	(7 104 436)	(11 051 739)	(4 937 953)	6 113 785	4 313 228
Government Grants and Subsidies - Capital	-	2 270 000	2 270 000	2 270 000	-	160 367
Contributed Assets	-	-	-	110 752	110 752	-
Surplus/(Deficit) for the year	(3 947 303)	(4 834 436)	(8 781 739)	(2 557 201)	6 224 538	4 473 595

OVERBERG DISTRICT MUNICIPALITY

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

54 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATE D OUTCOME 2016 R
Capital expenditure & funds sources						
Capital expenditure	1 097 400	6 566 668	7 664 068	6 781 511	(882 557)	3 576 123
Transfers recognised - capital	1 097 400	1 172 600	2 270 000	2 303 073	33 073	160 367
Contributed Assets	-	-	-	110 752	110 752	-
Borrowing	-	2 150 000	2 150 000	2 074 306	(75 694)	2 521 868
Internally generated funds	-	3 244 068	3 244 068	2 293 380	(950 688)	893 888
Total sources of capital funds	1 097 400	6 566 668	7 664 068	6 781 511	(882 557)	3 576 123
Cash flows						
Net cash from (used) operating	1 973 111	(5 758 361)	(3 785 250)	15 665 639	19 450 889	5 877 968
Net cash from (used) investing	-	559 932	559 932	(4 596 453)	(5 156 385)	2 672 202
Net cash from (used) financing	(1 060 624)	199 961	(860 663)	(1 169 425)	(308 762)	(533 056)
Net Cash Movement for the year	912 487	(4 998 468)	(4 085 981)	9 899 761	13 985 742	8 017 114
Cash/cash equivalents at beginning of year	10 787 490	11 588 874	22 376 364	22 376 364	-	14 359 250
Cash/cash equivalents at the year end	11 699 977	6 590 406	18 290 383	32 276 125	13 985 742	22 376 364

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

OVERBERG DISTRICT MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2017

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2016		RECEIVED DURING YEAR		REDEEMED DURING YEAR		CLOSING BALANCE 30 JUNE 2017	
			R	R	R	R	R	R		
<u>ANNUITY LOANS</u>										
INCA	9.45%	2019-12-31	633 620	-	-	(160 662)	472 957			
Total Annuity Loans			633 620	-	-	(160 662)	472 957			
<u>FINANCE LEASE LIABILITIES</u>										
Assatech (Copiers)	16.55%	Redeemed	32 823	-	-	(32 823)	-			
Avis (Vehicles)	10.03% -17.49%	2019-04-30	2 449 114	-	-	(480 739)	1 968 375			
Nashua (Copiers)	10.50%	2019-09-30	-	2 074 306	2 074 306	(495 201)	1 579 105			
Total Finance Lease Liabilities			2 481 937	2 074 306	2 074 306	(1 008 763)	3 547 479			
Total Long-Term Liabilities			3 115 556	2 074 306	2 074 306	(1 169 425)	4 020 437			

OVERBERG DISTRICT MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2017

	30 JUNE 2017		30 JUNE 2016		SURPLUS/ (DEFICIT)	
MUNICIPAL VOTES	REVENUE R	EXPENDITURE R	REVENUE R	EXPENDITURE R	REVENUE R	(DEFICIT) R
Municipal Manager	8 604 952	(12 872 692)	10 453 367	(12 406 416)	10 453 367	(1 953 048)
Management Services	64 772 196	(31 215 651)	64 468 921	(27 173 531)	64 468 921	37 295 389
Community & Technical Services	86 037 125	(117 883 130)	89 048 975	(119 917 721)	89 048 975	(30 868 746)
Total	159 414 273	(161 971 474)	163 971 264	(159 497 669)	163 971 264	4 473 595

	30 JUNE 2017		30 JUNE 2016		SURPLUS/ (DEFICIT)	
GFS CLASSIFICATION	REVENUE R	EXPENDITURE R	REVENUE R	EXPENDITURE R	REVENUE R	(DEFICIT) R
Executive and Council	8 604 952	(12 872 692)	10 453 367	(12 406 416)	10 453 367	(1 953 048)
Corporate Services	47 528	(7 046 012)	19 785	(6 797 205)	19 785	(6 777 419)
Budget and Treasury Office	64 586 318	(22 549 842)	64 311 115	(18 868 150)	64 311 115	45 442 965
Planning and Development	-	(1 474 820)	-	(1 405 943)	-	(1 405 943)
Public Safety	1 175 628	(20 523 666)	135 790	(19 587 677)	135 790	(19 451 888)
Environmental Protection	199 776	(13 634 426)	113 826	(12 560 614)	113 826	(12 446 788)
Waste Management	740 077	(3 314 903)	2 033 239	(4 436 774)	2 033 239	(2 403 535)
Sport and Recreation	13 530 531	(13 451 861)	12 725 825	(13 294 572)	12 725 825	(568 747)
Health	138 350	(151 030)	138 021	(138 021)	138 021	-
Road Transport	70 391 114	(66 952 221)	74 040 295	(70 002 297)	74 040 295	4 037 998
Total	159 414 273	(161 971 474)	163 971 264	(159 497 669)	163 971 264	4 473 595

OVERBERG DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2017

MUNICIPAL DEPARTMENTS	30 JUNE 2017			30 JUNE 2016		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Council Expenditure	8 114 737	(6 911 239)	1 203 498	10 112 248	(6 523 331)	3 588 917
Executive Services	-	(2 733 360)	(2 733 360)	-	(2 600 204)	(2 600 204)
Donations	3 200	-	3 200	-	(11 500)	(11 500)
Management Support	-	(1 487 490)	(1 487 490)	-	(1 926 422)	(1 926 422)
Support Services	-	(735 937)	(735 937)	-	(857 631)	(857 631)
Audit	-	(1 117 966)	(1 117 966)	-	(876 329)	(876 329)
Human Resources	-	(1 750 815)	(1 750 815)	-	(1 269 532)	(1 269 532)
Supply Chain Management	-	(1 651 923)	(1 651 923)	-	(1 553 543)	(1 553 543)
Finance Income Exp & It	1 346	(4 867 981)	(4 866 635)	-	(3 484 599)	(3 484 599)
Performance Management	-	(549 991)	(549 991)	-	(540 696)	(540 696)
Administration	-	(3 008 444)	(3 008 444)	-	(3 190 926)	(3 190 926)
Buildings	47 528	(1 000 825)	(953 296)	19 785	(938 419)	(918 634)
Financial Services	64 584 972	(16 029 938)	48 555 034	3 962 040	(5 808 146)	(1 846 106)
Planning Services	-	(1 468 767)	(1 468 767)	-	(1 370 156)	(1 370 156)
Grants Ex Nat Government	-	-	-	55 699 684	(4 278 677)	51 421 007
Grants Ex Prov Government	-	-	-	3 399 390	(2 505 592)	893 798
Fin Man Grant	-	-	-	1 250 000	(1 237 592)	12 408
Shared Services	487 015	(622 638)	(135 623)	341 120	(468 631)	(127 511)
Fire Brigade	1 175 628	(20 523 666)	(19 348 039)	135 790	(19 240 038)	(19 104 248)
Disaster Management	-	-	-	-	(347 639)	(347 639)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2017

MUNICIPAL DEPARTMENTS (CONTINUED)	30 JUNE 2017			30 JUNE 2016		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Municipal Health	181 251	(11 803 995)	(11 622 744)	102 426	(11 019 155)	(10 916 729)
Environmental Management	18 525	(1 830 432)	(1 811 907)	11 400	(1 541 458)	(1 530 058)
Engineering Services	-	(6 053)	(6 053)	-	(35 787)	(35 787)
Karwyderskraal	740 077	(3 314 903)	(2 574 827)	2 033 239	(4 436 774)	(2 403 535)
Dennehof	-	-	-	438 152	(1 607 281)	(1 169 129)
Die Dam	1 917 547	(2 698 266)	(780 719)	2 761 152	(2 362 151)	399 001
Uilenkraalsmond	11 612 984	(10 753 594)	859 390	9 493 039	(9 325 140)	167 899
Outspans & Public Places	-	-	-	33 482	-	33 482
Comprehensive Health	138 350	(151 030)	(12 680)	138 021	(138 021)	-
Roads Function	70 391 114	(66 952 221)	3 438 893	74 040 295	(70 002 297)	4 037 998
Total	159 414 273	(161 971 474)	(2 557 201)	163 971 264	(159 497 669)	4 473 595

OVERBERG DISTRICT MUNICIPALITY

APPENDIX D (UNAUDITED)

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

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R
NATIONAL GOVERNMENT					
Equitable Share	-	52 163 000	(52 163 000)	-	-
Financial Management Grant (FMG)	-	1 250 000	(1 250 000)	-	-
Expanded Public Works Program (EPWP)	-	1 000 000	(1 000 000)	-	-
Rural Roads Asset Management System	227	2 427 000	(2 427 227)	-	-
Total	227	56 840 000	(56 840 227)	-	-
PROVINCIAL GOVERNMENT AND OTHER					
mSCOA Support Grant	-	220 000	(220 000)	-	-
SETA Training Fund	205 189	166 010	(284 133)	-	87 066
Road Subsidy	11 374 880	65 123 786	(69 283 538)	-	7 215 129
Asset Management Grant	-	800 000	-	-	800 000
Municipal Finance Management Internship Programme	-	400 000	-	-	400 000
Health Subsidy	-	138 350	(138 350)	-	-
Greenest Municipality Competition	-	70 000	(2 327)	(67 673)	-
CDW Operational Support Grant	108 172	75 000	(116 925)	(35 400)	30 846
Local Government Graduate Internship Grant	-	60 000	(15 148)	-	44 852
Human Capacity Building Grant	-	120 000	(120 000)	-	-
Municipal Service Delivery and Capacity Building Grant	-	400 000	(7 695)	-	392 305
Municipal Finance Improvement Program	-	400 000	(400 000)	-	-
Fire Service Capacity Building Grant	-	2 200 000	-	(2 200 000)	-
Risk Management	132 400	-	(132 400)	-	0
Total	11 820 641	70 173 146	(70 720 516)	(2 303 073)	8 970 198
ALL SPHERES GOVERNMENT	11 820 868	127 013 146	(127 560 743)	(2 303 073)	8 970 198

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
REVENUE	2017	2017	2017	2017	2017	2016
	R	R	R	R	R	R
Governance and administration	68 008 209	4 863 894	72 872 103	73 238 798	366 695	74 784 267
Executive and Council	9 542 179	(71 733)	9 470 446	8 604 952	(865 494)	10 453 367
Budget and treasury office	58 442 500	4 935 627	63 378 127	64 586 318	1 208 191	64 311 115
Corporate services	23 530	-	23 530	47 528	23 998	19 785
Community and public safety	13 138 691	1 594 980	14 733 671	14 844 508	110 837	12 999 636
Sport and recreation	12 900 886	504 981	13 405 867	13 530 531	124 664	12 725 825
Public safety	97 500	1 097 500	1 195 000	1 175 628	(19 372)	135 790
Health	140 305	(7 501)	132 804	138 350	5 546	138 021
Economic and environmental services	69 139 357	(109 000)	69 030 357	70 590 890	1 560 533	74 154 121
Road transport	69 013 357	(203 000)	68 810 357	70 391 114	1 580 757	74 040 295
Environmental protection	126 000	94 000	220 000	199 776	(20 224)	113 826
Trading services	4 224 880	(3 674 880)	550 000	740 077	190 077	2 033 239
Waste management	4 224 880	(3 674 880)	550 000	740 077	190 077	2 033 239
Total Revenue - Standard	154 511 137	2 674 994	157 186 131	159 414 273	2 228 142	163 971 264

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)	ORIGINAL BUDGET 2017		BUDGET ADJUSTMENTS 2017		FINAL BUDGET 2017		ACTUAL OUTCOME 2017		BUDGET VARIANCE 2017		RESTATED OUTCOME 2016	
	R	R	R	R	R	R	R	R	R	R	R	R
EXPENDITURE												
Governance and administration	36 897 814		7 988 142		44 885 956		42 468 546		(2 417 409)		38 071 770	
Executive and council	14 449 818		(560 907)		13 888 911		12 872 692		(1 016 219)		12 406 416	
Budget and treasury office	14 914 508		8 575 686		23 490 194		22 549 842		(940 352)		18 868 150	
Corporate services	7 533 488		(26 637)		7 506 851		7 046 012		(460 839)		6 797 205	
Community and public safety	31 454 102		2 206 424		33 660 526		34 126 557		466 031		33 020 270	
Sport and recreation	11 225 636		1 603 331		12 828 967		13 451 861		622 894		13 294 572	
Public safety	20 088 161		610 594		20 698 755		20 523 666		(175 089)		19 587 677	
Health	140 305		(7 501)		132 804		151 030		18 226		138 021	
Economic and environmental services	85 496 074		(1 051 724)		84 444 350		82 061 468		(2 382 882)		83 968 854	
Planning and development	1 450 984		115 768		1 566 752		1 474 820		(91 932)		1 405 943	
Road transport	69 013 357		(203 000)		68 810 357		66 952 221		(1 858 136)		70 002 297	
Environmental protection	15 031 733		(964 492)		14 067 241		13 634 426		(432 815)		12 560 614	
Trading services	4 610 450		(1 633 412)		2 977 038		3 314 903		337 865		4 436 774	
Waste management	4 610 450		(1 633 412)		2 977 038		3 314 903		337 865		4 436 774	
Total Expenditure - Standard	158 458 440		7 509 430		165 967 870		161 971 474		(3 996 396)		159 497 669	
Surplus/(Deficit) for the year	(3 947 303)		(4 834 436)		(8 781 739)		(2 557 201)		6 224 538		4 473 595	

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

REVENUE	ORIGINAL	BUDGET		FINAL	ACTUAL		BUDGET		RESTATE
	BUDGET	ADJUSTMENTS	BUDGET	BUDGET	OUTCOME	OUTCOME	VARIANCE	VARIANCE	OUTCOME
	2017	2017	2017	2017	2017	2016	2017	2017	2016
	R	R	R	R	R	R	R	R	R
Municipal Manager	9 542 179	(71 733)	9 470 446	8 604 952	(865 494)	10 453 367			
Management Services	58 606 335	4 928 126	63 534 461	64 772 196	1 237 735	64 468 921			
Community & Technical Services	86 362 623	(2 181 399)	84 181 224	86 037 125	1 855 901	89 048 975			
Total Revenue by Vote	154 511 137	2 674 994	157 186 131	159 414 273	2 228 142	163 971 264			
EXPENDITURE									
Municipal Manager	14 449 818	(560 907)	13 888 911	12 872 692	(1 016 219)	12 406 416			
Management Services	24 001 105	8 657 316	32 658 421	31 215 651	(1 442 769)	27 173 531			
Community & Technical Services	120 007 517	(586 979)	119 420 538	117 883 130	(1 537 408)	119 917 721			
Total Expenditure by Vote	158 458 440	7 509 430	165 967 870	161 971 474	(3 996 396)	159 497 669			
Surplus/(Deficit) for the year	(3 947 303)	(4 834 436)	(8 781 739)	(2 557 201)	6 224 538	4 473 595			

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATE
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2017	2017	2017	2017	2017	2016
	R	R	R	R	R	R
REVENUE BY SOURCE						
Service charges	456 828	93 172	550 000	801 442	251 442	2 395 734
Rental of facilities and equipment	12 326 790	978 809	13 305 599	13 256 736	(48 863)	12 142 655
Interest earned - external investments	1 200 000	200 000	1 400 000	2 311 483	911 483	2 187 723
Interest earned - outstanding debtors	100	-	100	-	(100)	1 515
Licences and permits	26 000	94 000	120 000	171 491	51 491	95 254
Agency services	8 259 643	-	8 259 643	8 114 737	(144 906)	6 591 829
Government Grants and Subsidies - Operating	126 160 662	2 579 487	128 740 149	127 593 816	(1 146 333)	130 327 060
Other revenue	6 081 114	(3 540 474)	2 540 640	4 783 817	2 243 177	6 550 126
Gains on disposal of PPE	-	-	-	-	-	3 519 000
Total Revenue (excluding capital transfers and contributions)	154 511 137	404 994	154 916 131	157 033 521	2 117 390	163 810 896

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2017	2017	2017	2017	2017	2016
	R	R	R	R	R	R
EXPENDITURE BY TYPE						
Employee related costs	93 187 785	(14 882)	93 172 903	82 717 286	(10 455 617)	77 188 068
Remuneration of councillors	5 616 668	(222 081)	5 394 587	5 149 566	(245 021)	5 183 118
Debt impairment	-	-	-	109 793	109 793	81 995
Depreciation & asset impairment	3 101 287	2	3 101 289	3 254 079	152 790	2 746 687
Finance charges	258 731	4 864 338	5 123 069	7 778 036	2 654 967	7 083 412
Contracted services	4 224 880	11 753 585	15 978 465	12 793 051	(3 185 414)	12 802 767
Transfers and grants	-	-	-	120 000	120 000	17 313
Other expenditure	52 069 089	(8 871 532)	43 197 557	49 889 940	6 692 383	53 248 874
Loss on disposal of PPE	-	-	-	159 722	159 722	1 145 434
Total Expenditure	158 458 440	7 509 429	165 967 870	161 971 474	(3 996 396)	159 497 669
Surplus/(Deficit)	(3 947 303)	(7 104 436)	(11 051 739)	(4 937 953)	6 113 785	4 313 228
Government Grants and Subsidies - Capital	-	2 270 000	2 270 000	2 270 000	-	160 367
Contributed Assets	-	-	-	110 752	110 752	-
Surplus/(Deficit) for the year	(3 947 303)	(4 834 436)	(8 781 739)	(2 557 201)	6 224 538	4 473 595

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CAPITAL EXPENDITURE	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATE D OUTCOME 2016 R
CAPITAL EXPENDITURE (VOTE)						
Single-year expenditure						
Municipal Manager	15 000	120 000	135 000	2 912	(132 088)	53 143
Management Services	595 500	2 215 000	2 810 500	2 722 217	(88 283)	1 161 580
Community & Technical Services	486 900	4 231 668	4 718 568	4 056 381	(662 187)	2 361 401
Total Capital Expenditure by Vote	1 097 400	6 566 668	7 664 068	6 781 511	(882 557)	3 576 123
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	595 500	3 650 000	4 245 500	2 707 820	(1 537 680)	1 201 732
Executive and council	15 000	120 000	135 000	2 912	(132 088)	53 143
Budget and treasury office	558 000	3 515 000	4 073 000	2 694 526	(1 378 474)	370 708
Corporate services	22 500	15 000	37 500	10 382	(27 118)	777 881
Community and public safety	445 000	2 834 668	3 279 668	3 686 881	407 213	1 823 265
Sport and recreation	345 000	80 000	425 000	340 106	(84 894)	929 183
Public safety	100 000	2 754 668	2 854 668	3 346 775	492 107	894 081
Economic and environmental services	56 900	82 000	138 900	276 058	137 158	551 127
Road Transport	-	-	-	137 010	137 010	20 743
Planning and development	15 000	(15 000)	-	17 310	17 310	12 991
Environmental protection	41 900	97 000	138 900	121 738	(17 162)	517 393
Trading services	-	-	-	110 752	110 752	-
Waste management	-	-	-	110 752	110 752	-
Total Capital Expenditure - Standard	1 097 400	6 566 668	7 664 068	6 781 511	(882 557)	3 576 123

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CAPITAL EXPENDITURE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATE
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2017	2017	2017	2017	2017	2016
	R	R	R	R	R	R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
Provincial Government	-	2 270 000	2 270 000	2 303 073	33 073	160 367
Other transfers and grants	1 097 400	(1 097 400)	-	-	-	-
Transfers recognised - capital	1 097 400	1 172 600	2 270 000	2 303 073	33 073	160 367
Contributed Assets	-	-	-	110 752	110 752	-
Borrowing	-	2 150 000	2 150 000	2 074 306	(75 694)	2 521 868
Internally generated funds	-	3 244 068	3 244 068	2 293 380	(950 688)	893 888
Total Capital Funding	1 097 400	6 566 668	7 664 068	6 781 511	(882 557)	3 576 123

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CASH FLOWS	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2017	2017	2017	2017	2017	2016
	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Service charges	456 828	93 172	550 000	802 323	252 323	2 436 079
Other revenue	26 693 547	1 759 280	28 452 827	28 149 508	(303 319)	15 143 530
Government - operating	126 236 662	(9 332 381)	116 904 281	124 710 073	7 805 792	138 646 967
Government - capital	-	2 270 000	2 270 000	2 303 073	33 073	160 367
Interest	1 200 100	200 000	1 400 100	2 311 483	911 383	2 189 238
Payments						
Suppliers and employees	(152 355 295)	(680 880)	(153 036 175)	(141 995 375)	11 040 799	(152 517 710)
Finance charges	(258 731)	(67 552)	(326 283)	(495 445)	(169 162)	(163 191)
Transfers and Grants	-	-	-	(120 000)	(120 000)	(17 313)
NET CASH FROM OPERATING ACTIVITIES	1 973 111	(5 758 361)	(3 785 250)	15 665 639	19 450 889	5 877 968
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Assets	-	5 370 000	5 370 000	-	(5 370 000)	3 726 458
Decrease in other non-current investments	1 097 400	(1 097 400)	-	-	-	-
Payments						
Capital assets	(1 097 400)	(3 712 668)	(4 810 068)	(4 596 453)	213 615	(1 054 256)
NET CASH USED IN INVESTING ACTIVITIES	-	559 932	559 932	(4 596 453)	(5 156 385)	2 672 202

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CASH FLOWS	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2017	2017	2017	2017	2017	2016
	R	R	R	R	R	R
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowing	(1 060 624)	199 961	(860 663)	(1 169 425)	(308 762)	(533 056)
NET CASH FROM FINANCING ACTIVITIES	(1 060 624)	199 961	(860 663)	(1 169 425)	(308 762)	(533 056)
NET INCREASE/ (DECREASE) IN CASH HELD	912 487	(4 998 468)	(4 085 981)	9 899 761	13 985 742	8 017 114
Cash/cash equivalents at the year begin:	10 787 490	11 588 874	22 376 364	22 376 364	-	14 359 250
Cash/cash equivalents at the year end:	11 699 977	6 590 406	18 290 383	32 276 125	13 985 742	22 376 364