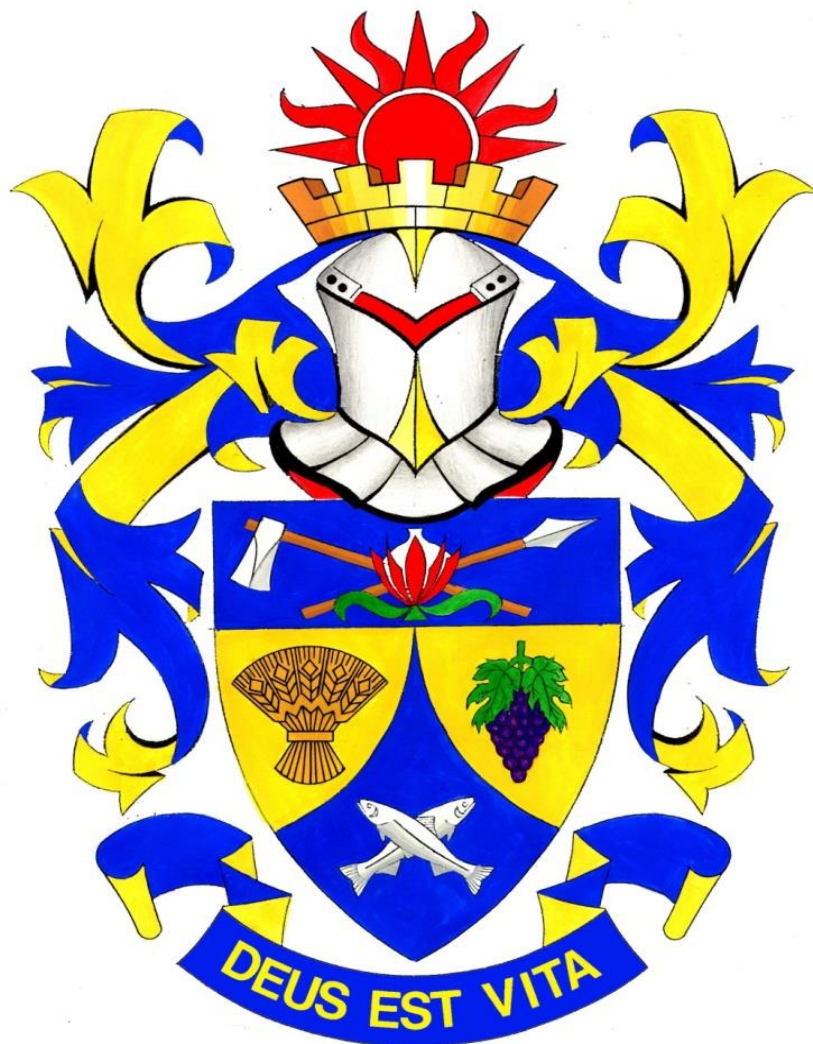


# **BERGRIVIER LOCAL MUNICIPALITY**



## **UNAUDITED ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2018**

# BERGRIVIER LOCAL MUNICIPALITY

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# BERGRIVIER LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

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

### LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act 117 of 1998).

### JURISDICTION

The Bergrivier Local Municipality includes the following areas:

Piketberg	Eendekuil	Aurora
Porterville	Redelinghuys	Wittewater
Velddrif	Dwarskersbos	Goedverwacht

### MEMBERS OF THE COUNCIL

Ward 1	CLlr J Daniels	
Ward 2	CLlr AJ du Plooy	
Ward 3	Ald A de Vries	
Ward 4	Ald RM van Rooy	
Ward 5	CLlr BJ Claasen	(Elected August 2017)
Ward 6	CLlr A Small	
Ward 7	Ald SM Crafford	
Proportional	Ald EB Manuel	(Resigned May 2018)
Proportional	CLlr JC Botha	(Elected June 2018)
Proportional	CLlr MA Wessels	
Proportional	Ald SR Claasen	
Proportional	Ald SIJ Smit	
Proportional	Ald J Swart	
Proportional	CLlr SS Lesch	

### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Ald RM van Rooy	(Elected 20 July 2018)
Executive Mayor	Ald EB Manuel	(Resigned 23 May 2018)
Deputy Executive Mayor	Ald SM Crafford	(Acting Executive Mayor 23 May 2018 - 20 July 2018)
Executive Councillor	CLlr AJ du Plooy	
Councillor	CLlr M Wessels	(s79 Committee Chairperson)

### MUNICIPAL MANAGER

Adv. H Linde

### CHIEF FINANCIAL OFFICER

Mr GJ Goliath

### AUDIT COMMITTEE

Ms R. Gani	
Mr CB. de Jager	
Mr GN. Lawrence	(Contract expired 30 June 2018)
Ms KE. Montgomery	
Mr B. van Staaden	

# BERGRIVIER LOCAL MUNICIPALITY

## GENERAL INFORMATION

### REGISTERED OFFICE

13 Church Street  
Piketberg

### POSTAL ADDRESS

PO Box 60  
Piketberg  
7320

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

ABSA Bank Limited

### ATTORNEYS

De Villiers Van Zyl  
Swemmer & Levin  
Fox en Cronje  
Jacques Ehlers

### RELEVANT LEGISLATION

Municipal Finance Management Act, 2003 (Act 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act, 1998 (Act 117 of 1998)  
Municipal Systems Act, 2000 (Act 32 of 2000) as Amended  
Municipal Planning and Performance Management Regulations  
Water Services Act, 1997 (Act 108 of 1997)  
Housing Act, 1997 (Act 107 of 1997)  
Municipal Property Rates Act, 2004 (Act 6 of 2004)  
Electricity Act, 1987 (Act 41 of 1987)  
Skills Development Levies Act, 1999 (Act 9 of 1999)  
Employment Equity Act, 1998 (Act 55 of 1998)  
Unemployment Insurance Act, 1966 (Act 30 of 1966)  
Basic Conditions of Employment Act, 1997 (Act 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALGBC Leave Regulations  
Municipal Budget and Reporting Regulations  
National Environmental Management Act, 2008 (Act 62 of 2008)  
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)  
Occupational Health and Safety Act, 1993 (Act 85 of 1993)  
Public Office Bearers Act

# BERGRIVIER LOCAL MUNICIPALITY

## APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER


I am responsible for the preparation of these annual financial statements for the year ended 30 June 2018, which are set out on pages 1 to 81 in terms of Section 126 (1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) 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 2019 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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



Adv. H Linde  
Municipal Manager



Date

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>169 480 905</b>	<b>163 320 742</b>
Cash and Cash Equivalents	2	77 935 964	82 080 490
Receivables from Exchange Transactions	3	52 726 630	46 329 573
Receivables from Non-Exchange Transactions	4	34 372 736	29 695 633
Taxes	5	-	977 292
Operating Lease Asset	6	39 955	62 129
Current Portion of Long-term Receivables	7	1 303 917	1 471 493
Inventory	8	3 101 703	2 704 134
<b>Non-Current Assets</b>		<b>372 104 054</b>	<b>358 904 785</b>
Long-term Receivables	7	304 641	1 064 264
Investment Property	9	12 929 873	13 041 257
Property, Plant and Equipment	10	330 793 172	317 691 283
Intangible Assets	11	4 292 597	3 236 318
Heritage Assets	12	454 012	454 012
Capitalised Restoration Cost (PPE)	13	23 329 759	23 417 652
<b>Total Assets</b>		<b>541 584 959</b>	<b>522 225 527</b>
<b>Current Liabilities</b>			
		<b>44 793 286</b>	<b>50 751 285</b>
Current Portion of Long-term Liabilities	14	5 119 513	4 536 359
Consumer Deposits	15	3 464 470	3 281 104
Payables from exchange transactions	16	21 997 944	32 674 454
Taxes	5	3 051 217	-
Unspent Conditional Government Grants	17	199 470	445 431
Current Employee benefits	18	10 960 671	9 813 937
<b>Non-Current Liabilities</b>		<b>157 423 052</b>	<b>151 644 885</b>
Long-term Liabilities	14	51 243 447	50 268 008
Employee benefits	19	39 777 542	40 646 471
Non-Current Provisions	20	66 402 063	60 730 406
<b>Total Liabilities</b>		<b>202 216 338</b>	<b>202 396 170</b>
<b>NET ASSETS</b>		<b>339 368 621</b>	<b>319 829 358</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus		314 173 202	301 874 044
Capital Replacement Reserve	21	24 891 500	17 561 500
Housing Development Fund	21	303 919	393 813
		<b>339 368 621</b>	<b>319 829 358</b>

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>140 645 497</b>	<b>127 671 581</b>
<b>Taxation Revenue</b>		<b>62 606 570</b>	<b>56 440 436</b>
Property Rates	22	62 606 570	56 440 436
<b>Transfer Revenue</b>		<b>65 643 519</b>	<b>54 915 042</b>
Government Grants and Subsidies - Operating	23	48 799 496	42 606 968
Government Grants and Subsidies - Capital	23	14 950 441	12 308 074
Contributed Assets	24	1 893 582	-
<b>Other Revenue</b>		<b>12 395 408</b>	<b>16 316 103</b>
Insurance Refund		36 316	162 797
Fines, penalties and forfeits	25	7 098 271	9 813 442
Actuarial Gains	26	5 260 821	6 339 864
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>170 083 980</b>	<b>170 959 605</b>
<b>Operating Activities</b>		<b>170 083 980</b>	<b>170 959 605</b>
Service Charges	27	145 624 075	149 250 118
Rental of Facilities and Equipment	28	5 319 490	5 309 702
Interest Earned - external investments		6 729 330	5 838 980
Interest Earned - outstanding debtors		5 275 028	4 268 050
Agency Services	29	4 016 499	3 808 710
Other Income	30	2 553 426	2 484 046
Gain on disposal of Non-Monetary Assets	39	566 132	-
<b>TOTAL REVENUE</b>		<b>310 729 477</b>	<b>298 631 185</b>
<b>EXPENDITURE</b>			
Employee Related Costs	31	111 580 828	102 241 763
Remuneration of Councillors	32	5 822 315	5 358 968
Debt Impairment	33	12 265 424	12 210 077
Depreciation and Amortisation	34	20 439 170	19 447 855
Finance Charges	35	12 834 747	12 662 376
Bulk Purchases	36	77 802 743	78 829 149
Transfers and Grants	37	4 150 106	3 550 890
Other Expenditure	38	46 294 892	41 999 286
Loss on disposal of Non-Monetary Assets	39	-	63 071
<b>TOTAL EXPENDITURE</b>		<b>291 190 225</b>	<b>276 363 435</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>19 539 252</b>	<b>22 267 750</b>

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2018

	CAPITAL REPLACEMENT RESERVE R	HOUSING DEVELOPMENT FUND R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2016 - Previously Reported</b>	<b>15 230 500</b>	<b>504 574</b>	<b>279 886 195</b>	<b>295 621 269</b>
Correction of error restatement - note 40.4	-	-	1 940 337	1 940 337
<b>Balance on 30 June 2016 - Restated</b>	<b>15 230 500</b>	<b>504 574</b>	<b>281 826 531</b>	<b>297 561 605</b>
Net Surplus for the year	-	-	22 267 752	22 267 752
Transfer to Capital Replacement Reserve	12 266 447	-	(12 266 447)	-
Property, Plant and Equipment purchased	(9 935 447)	-	9 935 447	-
Transfer to Housing Development Fund	-	(110 761)	110 761	-
<b>Balance on 30 June 2017 - Restated</b>	<b>17 561 500</b>	<b>393 813</b>	<b>301 874 044</b>	<b>319 829 357</b>
Net Surplus for the year	-	-	19 539 263	19 539 263
Transfer to Capital Replacement Reserve	17 397 879	-	(17 397 879)	-
Property, Plant and Equipment purchased	(10 067 879)	-	10 067 879	-
Transfer to Housing Development Fund	-	(89 894)	89 894	-
<b>Balance on 30 June 2018</b>	<b>24 891 500</b>	<b>303 919</b>	<b>314 173 202</b>	<b>339 368 621</b>



# BERGRIVIER LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		54 467 061	55 008 879
Service Charges and Interest on outstanding Debtors		141 393 499	145 086 884
Other Revenue		18 292 524	12 093 790
Government Grants		63 503 975	54 122 506
Investment Income		6 729 330	5 838 980
<b>Payments</b>			
Suppliers and employees		(251 164 144)	(221 579 670)
Finance charges		(6 280 107)	(6 011 840)
Transfer and Grants		(4 150 106)	(3 550 890)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>42</b>	<b>22 792 032</b>	<b>41 008 638</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of Property, Plant and Equipment		789 855	471 929
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(28 021 903)	(25 905 173)
Purchase of Intangible Assets		(1 461 369)	(2 038 015)
Purchase of Investment Property		-	-
(Increase)/Decrease in Long-term Receivables		14 889	-
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(28 678 529)</b>	<b>(27 471 259)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New loans raised		6 080 000	6 750 000
Increase in Consumer Deposits		183 376	131 871
<b>Payments</b>			
Loans repaid		(4 521 406)	(3 998 280)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>1 741 970</b>	<b>2 883 590</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(4 144 526)</b>	<b>16 420 970</b>
Cash and Cash Equivalents at the beginning of the year		82 080 490	65 659 520
Cash and Cash Equivalents at the end of the year		77 935 964	82 080 490

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	64 045 953	14 575 091	78 621 044	71 510 739	(7 110 305)
Call investment deposits	6 360 000	(337 959)	6 022 041	6 425 225	403 184
Consumer debtors	65 247 604	4 951 976	70 199 580	81 738 752	11 539 172
Other Receivables	5 396 192	2 393 563	7 789 755	5 400 569	(2 389 185)
Current portion of long-term receivables	-	-	-	1 303 917	1 303 917
Inventory	3 454 762	(750 628)	2 704 134	3 101 703	397 569
<b>Total current assets</b>	<b>144 504 511</b>	<b>20 832 042</b>	<b>165 336 553</b>	<b>169 480 905</b>	<b>4 144 352</b>
<b>Non current assets</b>					
Long-term receivables	3 890 195	(1 354 439)	2 535 757	304 641	(2 231 115)
Investment property	12 910 805	200 328	13 111 133	12 929 873	(181 260)
Property, plant and equipment	356 347 726	(5 055 631)	351 292 094	354 122 931	2 830 837
Intangible Assets	4 903 520	(543 267)	4 360 253	4 292 597	(67 656)
Other non-current assets	-	454 012	454 012	454 012	0
<b>Total non current assets</b>	<b>378 052 246</b>	<b>(6 298 997)</b>	<b>371 753 249</b>	<b>372 104 054</b>	<b>350 806</b>
<b>TOTAL ASSETS</b>	<b>522 556 757</b>	<b>14 533 044</b>	<b>537 089 802</b>	<b>541 584 959</b>	<b>4 495 157</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	3 543 969	582 614	4 126 583	5 119 513	992 930
Consumer deposits	3 392 000	(193 636)	3 198 364	3 464 470	266 106
Trade and other payables	27 426 220	3 239 351	30 665 571	25 248 631	(5 416 940)
Provisions and Employee Benefits	8 166 755	431 285	8 598 040	10 960 671	2 362 632
<b>Total current liabilities</b>	<b>42 528 944</b>	<b>4 059 613</b>	<b>46 588 557</b>	<b>44 793 286</b>	<b>(1 795 272)</b>
<b>Non current liabilities</b>					
Borrowing	53 149 435	(925 190)	52 224 244	51 243 447	(980 798)
Provisions and Employee Benefits	116 369 721	(5 822 185)	110 547 535	106 179 605	(4 367 930)
<b>Total non current liabilities</b>	<b>169 519 155</b>	<b>(6 747 376)</b>	<b>162 771 780</b>	<b>157 423 052</b>	<b>(5 348 728)</b>
<b>TOTAL LIABILITIES</b>	<b>212 048 100</b>	<b>(2 687 763)</b>	<b>209 360 337</b>	<b>202 216 338</b>	<b>(7 143 999)</b>
<b>NET ASSETS</b>	<b>310 508 657</b>	<b>17 220 807</b>	<b>327 729 464</b>	<b>339 368 621</b>	<b>11 639 157</b>
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus	287 600 083	14 319 568	301 919 651	314 173 202	12 253 550
Reserves	22 908 574	2 901 239	25 809 813	25 195 419	(614 393)
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>310 508 657</b>	<b>17 220 807</b>	<b>327 729 464</b>	<b>339 368 621</b>	<b>11 639 157</b>

Refer to note 44.2 for explanations of material variances.

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

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>REVENUE</b>					
Property Rates	62 946 435	2 500 001	65 446 436	62 606 570	(2 839 866)
Service Charges - Electricity Revenue	108 363 166	(4 229 000)	104 134 166	94 502 306	(9 631 860)
Service Charges - Water Revenue	28 923 596	(7 382 000)	21 541 596	19 308 934	(2 232 662)
Service Charges - Sanitation Revenue	11 497 269	1 100 000	12 597 269	12 070 710	(526 559)
Service Charges - Refuse Revenue	19 136 966	1 148 183	20 285 149	19 742 125	(543 024)
Rental of Facilities and Equipment	274 066	718 400	992 466	5 319 490	4 327 024
Interest Earned - External Investments	4 973 400	(147 400)	4 826 000	6 729 330	1 903 330
Interest Earned - Outstanding Debtors	4 120 000	-	4 120 000	5 275 028	1 155 028
Fines	10 021 305	(1 667 265)	8 354 040	7 098 271	(1 255 769)
Licences and Permits	10 790	-	10 790	-	(10 790)
Agency Services	3 819 660	152 348	3 972 008	4 016 499	44 491
Transfers Recognised - Operational	61 021 313	(363 385)	60 657 928	48 799 496	(11 858 432)
Other Revenue	6 573 766	664 156	7 237 921	7 850 563	612 642
Gain on disposal of PPE	-	-	-	566 132	566 132
<b>Total Revenue (excluding capital transfers)</b>	<b>321 681 733</b>	<b>(7 505 962)</b>	<b>314 175 769</b>	<b>293 885 454</b>	<b>(20 290 315)</b>
<b>EXPENDITURE</b>					
Employee Related Costs	119 261 848	(6 442 238)	112 819 610	111 580 828	(1 238 782)
Remuneration of Councillors	5 670 537	270 001	5 940 538	5 822 315	(118 223)
Debt Impairment	12 444 585	1 318 330	13 762 915	12 265 424	(1 497 491)
Depreciation and Asset Impairment	19 902 000	946 554	20 848 554	20 439 170	(409 384)
Finance Charges	12 299 097	856 777	13 155 874	12 834 747	(321 127)
Bulk Purchases	83 555 500	(6 700 500)	76 855 000	77 802 743	947 743
Other Materials	11 071 170	240 405	11 311 575	-	(11 311 575)
Contracted Services	29 476 550	552 445	30 028 995	-	(30 028 995)
Transfers and Grants	4 398 460	-	4 398 460	4 150 106	(248 354)
Other Expenditure	30 593 429	1 440 310	32 033 739	46 294 892	14 261 153
Loss on Disposal of PPE	-	-	-	-	-
<b>Total Expenditure</b>	<b>328 673 176</b>	<b>(7 517 916)</b>	<b>321 155 260</b>	<b>291 190 225</b>	<b>(29 965 035)</b>
<b>Surplus/(Deficit)</b>	<b>(6 991 444)</b>	<b>11 954</b>	<b>(6 979 491)</b>	<b>2 695 230</b>	<b>9 674 721</b>
Transfers and subsidies - Capital (monetary)	14 023 000	985 072	15 008 072	14 950 441	(57 631)
Transfers and subsidies - Capital (in-kind)	-	1 893 582	1 893 582	1 893 582	-
<b>Surplus/(Deficit) for the year</b>	<b>7 031 556</b>	<b>2 890 608</b>	<b>9 922 163</b>	<b>19 539 252</b>	<b>9 617 089</b>

Refer to note 44.3 for explanations of material variances.

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

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>CASH FLOW STATEMENT</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates, penalties & collection charges	61 680 561	1 475 250	63 155 811	54 467 061	(8 688 750)
Service charges	164 544 048	(11 535 404)	153 008 644	141 393 499	(11 615 145)
Other revenue	11 060 851	1 914 810	12 975 660	18 292 524	5 316 863
Government Grants	75 044 313	176 740	75 221 053	63 503 975	(11 717 078)
Interest	9 010 545	(208 745)	8 801 800	6 729 330	(2 072 470)
<b>Payments</b>					
Suppliers and Employees	(278 408 429)	8 176 637	(270 231 792)	(251 164 144)	19 067 648
Finance Charges	(5 356 990)	(925 229)	(6 282 219)	(6 280 107)	2 112
Transfers and Grants	(4 398 460)	-	(4 398 460)	(4 150 106)	248 354
<b>Net Cash from/(used) Operating Activities</b>	<b>33 176 438</b>	<b>(925 941)</b>	<b>32 250 496</b>	<b>22 792 032</b>	<b>(9 458 464)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	-	-	-	789 855	789 855
Decrease/(Increase) in Other Non-Current Receivables	(220 199)	220 199	-	14 889	14 889
<b>Payments</b>					
Capital Assets	(31 319 500)	(997 852)	(32 317 352)	(29 483 272)	2 834 080
<b>Net Cash from/(used) Investing Activities</b>	<b>(31 539 699)</b>	<b>(777 653)</b>	<b>(32 317 352)</b>	<b>(28 678 529)</b>	<b>3 638 823</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing long term/refinancing	6 080 000	-	6 080 000	6 080 000	-
Increase/(Decrease) in Consumer Deposits	192 000	(192 000)	-	183 376	183 376
<b>Payments</b>					
Repayment of Borrowing	(4 535 025)	1 485	(4 533 540)	(4 521 406)	12 134
<b>Net Cash from/(used) Financing Activities</b>	<b>1 736 975</b>	<b>(190 515)</b>	<b>1 546 460</b>	<b>1 741 970</b>	<b>195 510</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>3 373 713</b>	<b>(1 894 109)</b>	<b>1 479 605</b>	<b>(4 144 526)</b>	<b>(5 624 131)</b>
Cash and Cash Equivalents at the year begin	67 032 240	16 131 725	83 163 966	82 080 490	(1 083 476)
Cash and Cash Equivalents at the year end	70 405 953	14 237 617	84 643 570	77 935 964	(6 707 606)

Refer to note 44.4 for explanations of material variances.

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### **1 ACCOUNTING POLICIES**

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

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

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

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

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

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

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

#### **1.02 TRANSITIONAL PROVISIONS**

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

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

#### **1.03 PRESENTATION CURRENCY**

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

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

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

#### **1.05 COMPARATIVE INFORMATION**

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

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

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

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

##### **1.05.2 Amended Accounting Policies**

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.06 MATERIALITY

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

### 1.07 BUDGET INFORMATION

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

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

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

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

#### 1.08.1 Effective dates determined

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

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

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

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

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

Standard	Description	Effective Date
GRAP 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

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 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.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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

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

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

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

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

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

The Municipality resolved to develop an accounting policy as set out in note 1.29.

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

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

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

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

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

The objective of this Standard is to prescribe the:

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

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

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

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

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

### 1.08.1.6 Recognition and Derecognition of Land (effective 1 April 2019)

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

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

### 1.08.1.7 Liabilities to Pay Levies (effective 1 April 2019)

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.08.2 Effective dates not yet determined

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

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

#### 1.08.2.1 GRAP 34 - Separate Financial Statements

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

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

#### 1.08.2.2 GRAP 35 - Consolidated Financial Statements

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

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

#### 1.08.2.3 GRAP 36 - Investments in Associates and Joint Ventures

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

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

#### 1.08.2.4 GRAP 37 - Joint Arrangements

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

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

#### 1.08.2.5 GRAP 38 - Disclosure of Interests in Other Entities

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

- (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.



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.09 RESERVES

#### 1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

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

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

#### 1.09.2 Housing Development Fund (HDF)

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

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

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

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.10.2 Subsequent Measurement – Cost Model

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

### 1.10.3 Depreciation – Cost Model

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

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 a prospective basis.

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

	YEARS
Land	N/A

### 1.10.4 Impairment

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

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

### 1.10.5 Derecognition

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

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

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

## 1.11 PROPERTY, PLANT AND EQUIPMENT

### 1.11.1 Initial Recognition

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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.

### 1.11.3 Depreciation

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

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

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

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

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

	YEARS		YEARS
<b>Land and Buildings</b>		<b>Leased Assets</b>	
Land	N/A	Furniture and Office Equipment	2 - 5
Buildings	5 - 100	<b>Community Assets</b>	
Work in progress	N/A	Community Facilities	5 - 50
<b>Infrastructure</b>		Sport and Recreational Facilities	5 - 50
Electrical	5 - 50	Work in progress	N/A
Roads	5 - 50	<b>Other Assets</b>	
Sanitation	5 - 100	Computer Equipment	3 - 15
Solid Waste	3 - 50	Furniture and Office Equipment	5 - 30
Storm Water	5 - 50	Machinery and Equipment	2 - 30
Water Supply	3 - 100	Transport Assets	2 - 30
Work in progress	N/A		

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.11.4 Impairment

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

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

### 1.11.5 Derecognition

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

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

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

## 1.12 INTANGIBLE ASSETS

### 1.12.1 Initial Recognition

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

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

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

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

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

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

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

### 1.12.2 Subsequent Measurement - Cost Model

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.12.3 Amortisation

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

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

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

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

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

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

	Years
Computer Software	5 - 15

### 1.12.4 Impairment

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

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

### 1.12.5 Derecognition

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

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

## 1.13 HERITAGE ASSETS

### 1.13.1 Initial Recognition

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.13.2 Subsequent Measurement – Cost Model

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

### 1.13.3 Depreciation

Heritage assets are not depreciated.

### 1.13.4 Impairment

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

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

### 1.13.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

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

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

## 1.14 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

### 1.14.1 Recoverable amount of Cash-generating assets

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

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.14.3 Impairment loss

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

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

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

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

### 1.14.4 Reversal of an impairment loss

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

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

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

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

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

## 1.15 INVENTORIES

### 1.15.1 Initial Recognition

Inventories are assets:

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.15.2 Subsequent Measurement

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

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

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

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

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

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

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

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

### 1.16 EMPLOYEE BENEFITS

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

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

#### 1.16.1 Post-Retirement Benefits

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

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

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

##### 1.16.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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

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

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

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

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

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

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

#### **1.16.3.1 Staff Leave**

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

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

#### **1.16.3.2 Bonuses**

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

## **1.17 PROVISIONS**

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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

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

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

### 1.18 LEASES

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

#### 1.18.1 Municipality as Lessee

##### 1.18.1.1 Finance Leases

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

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

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

##### 1.18.1.2 Operating leases

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

#### 1.18.2 Municipality as Lessor

##### 1.18.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

##### 1.18.2.2 Operating Leases

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.19 FINANCIAL INSTRUMENTS

#### 1.19.1 Initial Recognition

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

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

#### 1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

#### 1.19.3 Impairment and uncollectability of financial assets

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

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.19.4 Derecognition of financial instruments

#### 1.19.4.1 Financial assets

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

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

#### 1.19.4.2 Financial liabilities

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

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

### 1.19.5 Offsetting of financial instruments

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

### 1.20 STATUTORY RECEIVABLES

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

#### 1.20.1 Initial Recognition

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

#### 1.20.2 Subsequent Measurement

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

#### 1.20.3 Impairment and uncollectability of statutory receivables

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.20.4 Derecognition

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

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

### 1.21 CASH AND CASH EQUIVALENTS

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

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

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

### 1.22 RECEIVABLES

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

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

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

### 1.23 TAXES (VALUE ADDED TAX)

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

### 1.24 PAYABLES AND ANNUITY LOANS

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

### 1.25 CONSUMER DEPOSITS

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.26 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

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

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

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

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

### 1.27 REVENUE

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

#### 1.27.1 Revenue from Non-Exchange Transactions

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

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

##### 1.27.1.1 Taxation Revenue

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

##### 1.27.1.2 Transfer Revenue

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

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

##### 1.27.1.3 Fines

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

##### 1.27.1.4 Insurance Refund

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.27.1.5 Unclaimed deposits

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

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

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

### 1.27.1.7 Services in-kind

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

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

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

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

### 1.27.1.8 Contributed Assets

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

## 1.27.2 Revenue from Exchange Transactions

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

### 1.27.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

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

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

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

### 1.27.2.2 Interest earned

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.27.2.3 *Rental income*

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

### 1.27.2.4 *Income from Agency Services*

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

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

### 1.27.2.5 *Other Tariffs*

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

### 1.27.2.6 *Sale of goods*

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

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

### 1.27.2.7 *Deferred payment*

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

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

## 1.28 **BORROWING COSTS**

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



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.29 SERVICE-CONCESSION ARRANGEMENT

The Municipality has used the principles of GRAP 32 – Service concession arrangements: Grantor to formulate its accounting policy.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which:

- (a) the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time; and
- (b) the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- (a) is provided by the operator which:
  - (i) the operator constructs, develops, or acquires from a third party; or
  - (ii) is an existing asset of the operator; or
- (b) is provided by the grantor which:
  - (i) is an existing asset of the grantor; or
  - (ii) is an upgrade to an existing asset of the grantor.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset. West Coast District Municipality (WCDM) acts as the operator in the service-concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator. The Municipality acts as the grantor in the service-concession arrangement with the WCDM.

When the Municipality enters into the service-concession arrangement, it determines whether it is party to the arrangement and assesses whether it is the grantor or the operator in accounting for revenue, expenses, assets and/or liabilities that results from the arrangement.

The Municipality recognises assets and liabilities arising from service concession arrangement in accordance with the requirements of the Standards of GRAP.

### 1.29 UNAUTHORISED EXPENDITURE

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

### 1.30 IRREGULAR EXPENDITURE

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

### 1.31 FRUITLESS AND WASTEFUL EXPENDITURE

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

### 1.33 CAPITAL COMMITMENTS

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

### 1.34 EVENTS AFTER REPORTING DATE

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

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

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

### 1.35 RELATED PARTIES

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### 1.36.1 Application of Directive 7

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

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

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

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

#### 1.36.2 Impairment of Receivables

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

#### 1.36.3 Useful lives and residual values

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

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

#### 1.36.4 Impairment of non-monetary assets

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

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.36.6 Provisions and Contingent Liabilities

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

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

### 1.36.7 Financial assets and liabilities

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

### 1.36.8 Revenue Recognition

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

		2018	2017
<b>2</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Bank Accounts	71 494 389	76 050 999
	Call Investment Deposits	6 425 225	6 022 041
	Cash Floats	16 350	7 450
	<b>Total</b>	<b>77 935 964</b>	<b>82 080 490</b>

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

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

Unspent Conditional Grants	199 470	445 431
Unspent Borrowings	1 604 146	156 706
Capital Replacement Reserve	24 891 500	17 561 500
Cash portion of Housing Development Fund	303 919	393 813
Taxes	3 051 217	-
Working Capital Requirements	47 885 712	63 523 040
<b>Total Cash and Cash Equivalents</b>	<b>77 935 964</b>	<b>82 080 490</b>

### Bank Accounts

ABSA Bank Limited - Account Number 11-8056-0153 (Primary Bank Account):	71 478 830	76 036 250
ABSA Bank Limited - Account Number 91-2510-9603 (Traffic Account):	15 559	14 749
<b>Total</b>	<b>71 494 389</b>	<b>76 050 999</b>

Bank accounts consists out of the following accounts:

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

Cash book balance at beginning of year	76 036 250	59 996 637
Cash book balance at end of year	71 478 830	76 036 250
Bank statement balance at beginning of year	74 863 003	60 434 220
Bank statement balance at end of year	70 986 808	74 863 003

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

Cash book balance at beginning of year	14 749	28 177
Cash book balance at end of year	15 559	14 749
Bank statement balance at beginning of year	14 749	28 177
Bank statement balance at end of year	15 559	14 749

### Call Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA - Cash Account - Account Number 92-9651-1113	6 425 225	6 022 041
	<b>6 425 225</b>	<b>6 022 041</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

#### Service Receivables

Electricity	17 353 259	14 951 337
Water	11 420 819	10 378 379
Housing Rentals	269 290	38 527
Refuse	18 075 256	12 320 217
Sewerage	11 792 255	8 146 885
Other	3 982 058	7 526 486

#### Total Gross Balance

	<b>62 892 937</b>	<b>53 361 832</b>
--	-------------------	-------------------

Less: Allowance for Debt Impairment

	(10 166 307)	(7 032 260)
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#### Total Net Receivable

	<b>52 726 630</b>	<b>46 329 573</b>
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As previously reported

		46 437 958
--	--	------------

Correction of error restatement - note 40.1

		(108 385)
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Restated balance

		<b>46 329 573</b>
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Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	7 032 260	5 363 159
Movement in the contribution to the provision	4 020 856	2 972 829
Bad Debts Written off	(886 810)	(1 303 728)
Balance at the end of the year	<b>10 166 307</b>	<b>7 032 260</b>

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

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2018</b>			
<b>Service Receivables</b>			
Electricity	17 353 259	(2 353 046)	15 000 213
Water	11 420 819	(1 795 546)	9 625 274
Housing Rentals	269 290	-	269 290
Refuse	18 075 256	(3 310 900)	14 764 356
Sewerage	11 792 255	(2 555 560)	9 236 694
Other	3 982 058	(151 255)	3 830 803
<b>Total</b>	<b>62 892 937</b>	<b>(10 166 307)</b>	<b>52 726 630</b>
<b>30 June 2017</b>			
<b>Service Receivables</b>			
Electricity	14 951 337	(1 863 702)	13 087 635
Water	10 378 379	(1 362 513)	9 015 866
Housing Rentals	38 527	-	38 527
Refuse	12 320 217	(2 127 066)	10 193 152
Sewerage	8 146 885	(1 586 479)	6 560 407
Other	7 526 486	(92 500)	7 433 987
<b>Total</b>	<b>53 361 832</b>	<b>(7 032 260)</b>	<b>46 329 573</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

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### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing of Receivables from Exchange Transactions

##### Electricity

Current (0 - 30 days)	9 077 005	9 154 351
Past Due (31 - 60 Days)	860 987	787 635
Past Due (61 - 90 Days)	559 479	236 122
Past Due (90 Days +)	6 855 788	4 773 229
<b>Total</b>	<b>17 353 259</b>	<b>14 951 337</b>

##### Water

Current (0 - 30 days)	2 051 082	2 730 577
Past Due (31 - 60 Days)	782 030	881 603
Past Due (61 - 90 Days)	548 197	485 491
Past Due (90 Days +)	8 039 511	6 280 708
<b>Total</b>	<b>11 420 819</b>	<b>10 378 379</b>

##### Housing Rentals

Current (0 - 30 days)	96 152	2 977
Past Due (31 - 60 Days)	21 944	1 833
Past Due (61 - 90 Days)	16 557	1 627
Past Due (90 Days +)	134 637	32 091
<b>Total</b>	<b>269 290</b>	<b>38 527</b>

##### Refuse

Current (0 - 30 days)	1 810 777	1 682 130
Past Due (31 - 60 Days)	963 807	876 562
Past Due (61 - 90 Days)	710 258	511 902
Past Due (90 Days +)	14 590 413	9 249 624
<b>Total</b>	<b>18 075 256</b>	<b>12 320 217</b>

##### Sewerage

Current (0 - 30 days)	1 114 878	976 500
Past Due (31 - 60 Days)	621 751	473 890
Past Due (61 - 90 Days)	479 366	327 673
Past Due (90 Days +)	9 576 260	6 368 822
<b>Total</b>	<b>11 792 255</b>	<b>8 146 885</b>

##### Other

Current (0 - 30 days)	1 043 735	1 330 020
Past Due (31 - 60 Days)	507 016	225 955
Past Due (61 - 90 Days)	488 612	172 968
Past Due (90 Days +)	1 942 694	5 797 544
<b>Total</b>	<b>3 982 058</b>	<b>7 526 486</b>

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

Current (0 - 30 days)	15 193 628	15 876 555
Past Due (31 - 60 Days)	3 757 535	3 247 478
Past Due (61 - 90 Days)	2 802 471	1 735 782
Past Due (90 Days +)	41 139 303	32 502 018
<b>Total</b>	<b>62 892 937</b>	<b>53 361 832</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

#### Service Receivables

Property Rates

38 831 996

30 958 884

#### Other Receivables

23 760 793

18 640 471

Unpaid Traffic Fines

19 169 810

13 983 210

Suspense Debtors

2 834 530

3 693 555

Unpaid Grants

113 815

113 815

Department of Human Settlements

1 434 144

849 891

Witwatersrand Infrastructure Project

208 494

-

#### Total Gross Balance

**62 592 789**

**49 599 355**

Less: Allowance for Debt Impairment

(28 220 054)

(19 903 722)

#### Total Net Receivable

**34 372 736**

**29 695 633**

As previously reported

29 893 852

Correction of error restatement - note 40.2

(198 219)

Restated balance

**29 695 633**

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

19 903 722

18 784 531

Movement in the contribution to the provision

8 582 728

9 482 796

Bad Debts Written off

(266 397)

(8 363 605)

Balance at the end of the year

**28 220 054**

**19 903 722**

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

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2018</b>			
<b>Service Receivables</b>			
Property Rates	38 831 996	(9 819 875)	29 012 121
<b>Other Receivables</b>			
Unpaid Traffic Fines	19 169 810	(18 400 179)	769 631
Suspense Debtors	2 834 530	-	2 834 530
Unpaid Grants	113 815	-	113 815
Department of Human Settlements	1 434 144	-	1 434 144
Witwatersrand Infrastructure Project	208 494	-	208 494
<b>Total</b>	<b>62 592 789</b>	<b>(28 220 054)</b>	<b>34 372 736</b>
<b>30 June 2017</b>			
<b>Service Receivables</b>			
Property Rates	30 958 884	(6 504 015)	24 454 869
<b>Other Receivables</b>			
Unpaid Traffic Fines	13 983 210	(13 399 707)	583 503
Suspense Debtors	3 693 555	-	3 693 555
Unpaid Grants	113 815	-	113 815
Department of Human Settlements	849 891	-	849 891
<b>Total</b>	<b>49 599 355</b>	<b>(19 903 723)</b>	<b>29 695 632</b>



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

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

#### Ageing of Receivables from Non-Exchange Transactions

##### Property Rates

Current (0 - 30 days)	4 195 876	4 206 027
Past Due (31 - 60 Days)	1 470 258	1 360 072
Past Due (61 - 90 Days)	861 909	674 755
Past Due (90 Days +)	32 303 953	24 718 030
<b>Total</b>	<b>38 831 996</b>	<b>30 958 884</b>

### 5 TAXES

VAT Receivable/(Payable)	2 244 679	3 634 305
VAT Input in Suspense	(1 301 998)	2 996 500
VAT Output in Suspense - net	(3 993 898)	(5 653 513)
VAT Output in Suspense	(5 242 392)	(6 563 847)
Less: VAT on Allowance for Debt Impairment	1 248 494	910 333
<b>Total</b>	<b>(3 051 217)</b>	<b>977 292</b>

#### Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	910 333	664 785
Debt Impairment for current year	338 161	245 548
Balance at the end of the year	<b>1 248 494</b>	<b>910 333</b>

### 6 OPERATING LEASES

#### 6.1 OPERATING LEASE ASSET

Operating Lease Asset	39 955	62 129
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The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.

#### Reconciliation of Operating Lease Asset

Balance at the beginning of the year	62 129	75 601
Movement during the year	(22 174)	(13 472)
Balance at the end of the year	<b>39 955</b>	<b>62 129</b>

#### The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	652 441	691 819
Between 1 and 5 Years	97 808	750 249
After 5 Years	-	-
<b>Total operating lease payments</b>	<b>750 249</b>	<b>1 442 068</b>

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

The leases are in respect of land and buildings being leased. Escalation between 7% and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>7 LONG-TERM RECEIVABLES</b>		
Receivables with repayment arrangements	1 353 419	2 265 729
Individual Housing Loans	255 139	270 028
<b>Sub-Total</b>	<b>1 608 558</b>	<b>2 535 757</b>
Less: Current portion of Long-term Receivables	<b>1 303 917</b>	<b>1 471 493</b>
Receivables with repayment arrangements	1 146 917	1 314 493
Individual Housing Loans	157 000	157 000
<b>Total</b>	<b>304 641</b>	<b>1 064 264</b>

### Receivables with repayment arrangements

Debtors amounting to R1 353 419 (2017 - R2 265 729) have arranged to settle their account over an re-negotiated period. Total payments to the value of R206 502 (2016 - R951 236) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

### Individual Housing Loans

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

## 8 INVENTORY

Fuel	482 687	238 867
Water	129 006	122 559
Spare Parts	2 406 756	2 259 454
Unsold Properties held for resale	83 254	83 254
<b>Total</b>	<b>3 101 703</b>	<b>2 704 134</b>

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

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

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	16 297	10 219
Inventory recognised as an expense during the year		
Fuel	3 471 657	3 104 513
Water	8 472 556	11 701 735
Spare parts	3 611 938	4 250 889
<b>Total</b>	<b>15 556 152</b>	<b>19 057 137</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

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### INVESTMENT PROPERTY

	2018	2017
Investment Property - Carrying Value	<u>12 929 873</u>	<u>13 041 257</u>
As previously reported		12 840 805
Correction of error restatement - note 40.3		200 452
Restated balance		<u>13 041 257</u>

The carrying value of Investment Property is reconciled as follows:

#### Opening Carrying Value

	2018	2017
Cost	13 070 305	13 090 305
Accumulated Depreciation	(29 048)	(27 666)
Accumulated Impairment	-	-
Additions	-	-
Disposals	(110 000)	(20 000)
Depreciation	(1 384)	(1 382)

#### Closing Carrying Value

Cost	12 960 305	13 070 305
Accumulated Depreciation	(30 432)	(29 048)
Accumulated Impairment	-	-

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

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

Revenue derived from the rental of investment property	<u>582 000</u>	<u>593 722</u>
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No operating expenditure was incurred on investment property during the 2017/18 and 2016/17 financial year.

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### PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
<b>30 June 2018</b>				
Land and Buildings	69 974 692	(9 319 552)	-	60 655 140
Infrastructure	306 594 556	(89 519 154)	-	217 075 402
Leased Assets	-	-	-	-
Community Assets	52 323 580	(18 915 044)	-	33 408 537
Other Assets	50 114 869	(30 460 775)	-	19 654 093
<b>Total</b>	<u><b>479 007 697</b></u>	<u><b>(148 214 525)</b></u>	<u><b>-</b></u>	<u><b>330 793 172</b></u>
<b>30 June 2017</b>				
Land and Buildings	68 924 818	(8 415 484)	-	60 509 334
Infrastructure	284 159 120	(79 638 211)	-	204 520 909
Leased Assets	14 810	(12 235)	-	2 575
Community Assets	51 569 532	(17 289 157)	-	34 280 375
Other Assets	48 071 534	(29 693 444)	-	18 378 090
<b>Total</b>	<u><b>452 739 814</b></u>	<u><b>(135 048 530)</b></u>	<u><b>-</b></u>	<u><b>317 691 283</b></u>
As previously reported				339 323 976
Correction of error restatement - note 40.3				1 784 959
Reclassification - note 41.2				(23 417 652)
Restated balance				<u>317 691 283</u>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

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

Repairs and Maintenance incurred on Property, Plant and Equipment

7 502 526

8 754 887

It should be noted that the prior year balance of Repairs and maintenance has been restated.

The only property, plant and equipment held as security are the leased property, plant and equipment and the buildings as set out in note 14.

In 2006 the Municipality entered into a service concession arrangement with the WCDM for an initial period on 10 years wherein the WCDM operates the Municipality's assets to provide bulk water to the Municipality to distribute to its consumers.

The agreement was subsequently extended three times until 30 June 2019. The other parties to this arrangement are Bergrivier and Swartland municipalities which also appointed the WCDM as an operator.

The WCDM uses the bulk water services assets to provide water to the local municipalities and private users. In terms of the service level agreement the local municipalities determine a tariff, in consultation with the WCDM, that allows the WCDM to recover the costs the WCDM incurs in the provision of the bulk water services. The local municipalities also pay the WCDM an administrative fee of 10% of the operational costs which is also included in the tariff above.

The local municipalities recognise the costs recovered by the WCDM through the tariff as expenditure in their respective financial statements by its nature, as bulk purchases for water. The local municipalities also recognise all revenue earned from providing water to consumers, through monthly billing of the consumers, within their respective areas of jurisdiction.

The WCDM also provides water services to third parties and bills the third parties directly (farmers in remote areas and some big businesses). The provision of the water to these third parties is approved by the local municipalities when the tariff for the year is approved. The water provided to third parties by the WCDM is thus recognised in their books in line with GRAP 32.

Assets subject to service concession arrangement (Net carrying amount)

1 917 370

1 985 410

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
30 June 2018	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
<b>Land and Buildings</b>	<b>68 924 818</b>	<b>1 049 874</b>	-	-	-	<b>69 974 692</b>	<b>8 415 484</b>	<b>904 068</b>	-	-	<b>9 319 552</b>	<b>60 655 140</b>
Land	36 676 277	-	-	-	-	36 676 277	-	-	-	-	-	36 676 277
Buildings	29 737 089	1 049 874	-	-	1 262 921	32 049 883	8 415 484	904 068	-	-	9 319 552	22 730 332
Work in Progress	2 511 453	-	-	-	(1 262 921)	1 248 531	-	-	-	-	-	1 248 531
<b>Infrastructure</b>	<b>284 159 120</b>	<b>22 442 436</b>	<b>(7 000)</b>	-	-	<b>306 594 556</b>	<b>79 638 211</b>	<b>9 887 494</b>	-	<b>(6 551)</b>	<b>89 519 154</b>	<b>217 075 402</b>
Electrical	46 772 989	-	-	-	48 193	46 821 182	12 300 859	1 611 668	-	-	13 912 527	32 908 655
Roads	50 493 408	-	-	-	3 780 209	54 273 617	20 685 048	1 588 437	-	-	22 273 485	32 000 132
Sanitation	71 828 293	-	-	-	336 273	72 164 566	16 745 766	2 717 150	-	-	19 462 916	52 701 650
Solid Waste	9 323 583	-	-	-	418 505	9 742 088	5 126 610	427 899	-	-	5 554 509	4 187 579
Storm Water	11 243 032	-	-	-	-	11 243 032	5 002 262	288 363	-	-	5 290 626	5 952 406
Water Supply	79 012 646	10 874	(7 000)	-	369 702	79 386 221	19 777 666	3 253 976	-	(6 551)	23 025 091	56 361 130
Work in progress	15 485 170	22 431 562	-	-	(4 952 881)	32 963 850	-	-	-	-	-	32 963 850
<b>Leased Assets</b>	<b>14 810</b>	-	<b>(14 810)</b>	-	-	-	<b>12 235</b>	<b>2 576</b>	-	<b>(14 811)</b>	-	-
Furniture and Office Equipment	14 810	-	(14 810)	-	-	-	12 235	2 576	-	(14 811)	-	-
<b>Community Assets</b>	<b>51 569 532</b>	<b>754 049</b>	-	-	-	<b>52 323 580</b>	<b>17 289 157</b>	<b>1 625 887</b>	-	-	<b>18 915 044</b>	<b>33 408 537</b>
Community Facilities	18 340 466	754 049	-	-	-	19 094 515	7 036 530	674 672	-	-	7 711 201	11 383 314
Sport and Recreational Facilities	28 258 105	-	-	-	-	28 258 105	10 252 627	951 216	-	-	11 203 842	17 054 262
Work in progress	4 970 961	-	-	-	-	4 970 961	-	-	-	-	-	4 970 961
<b>Other Assets</b>	<b>48 071 534</b>	<b>3 775 545</b>	<b>(3 625 792)</b>	<b>1 893 582</b>	-	<b>50 114 869</b>	<b>29 693 444</b>	<b>4 279 849</b>	-	<b>(3 512 517)</b>	<b>30 460 775</b>	<b>19 654 093</b>
Computer Equipment	3 733 335	281 423	(340 457)	138 932	-	3 813 234	2 219 229	506 173	-	(327 850)	2 397 551	1 415 682
Furniture and Office Equipment	11 218 756	667 467	(1 538 037)	-	-	10 348 186	6 496 477	1 191 029	-	(1 484 296)	6 203 210	4 144 976
Machinery and Equipment	18 096 394	597 967	(817 070)	-	-	17 877 292	9 734 233	1 530 996	-	(787 656)	10 477 572	7 399 719
Transport Assets	15 023 048	2 228 687	(930 227)	1 754 650	-	18 076 158	11 243 506	1 051 651	-	(912 715)	11 382 442	6 693 716
	<b>452 739 814</b>	<b>28 021 903</b>	<b>(3 647 602)</b>	<b>1 893 582</b>	-	<b>479 007 697</b>	<b>135 048 530</b>	<b>16 699 873</b>	-	<b>(3 533 879)</b>	<b>148 214 525</b>	<b>330 793 172</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
30 June 2017	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>66 591 066</b>	<b>2 398 752</b>	<b>(65 000)</b>	-	-	<b>68 924 818</b>	<b>7 505 078</b>	<b>910 405</b>	-	-	<b>8 415 484</b>	<b>60 509 334</b>
Land	36 741 277	-	(65 000)	-	-	36 676 277	-	-	-	-	-	36 676 277
Buildings	29 678 582	58 507	-	-	-	29 737 089	7 505 078	910 405	-	-	8 415 484	21 321 605
Work in progress	171 207	2 340 245	-	-	-	2 511 453	-	-	-	-	-	2 511 453
<b>Infrastructure</b>	<b>271 203 901</b>	<b>12 955 219</b>	-	-	-	<b>284 159 120</b>	<b>70 235 494</b>	<b>9 402 717</b>	-	-	<b>79 638 211</b>	<b>204 520 909</b>
Electrical	38 818 446	-	-	-	7 954 543	46 772 989	11 163 775	1 137 084	-	-	12 300 859	34 472 130
Roads	48 257 670	-	-	-	2 235 738	50 493 408	18 532 154	2 152 894	-	-	20 685 048	29 808 360
Sanitation	71 293 403	-	-	-	534 890	71 828 293	14 029 287	2 716 480	-	-	16 745 766	55 082 527
Solid Waste	9 291 086	-	-	-	32 497	9 323 583	4 702 517	424 093	-	-	5 126 610	4 196 973
Storm Water	11 006 053	-	-	-	236 979	11 243 032	4 657 036	345 226	-	-	5 002 262	6 240 769
Water Supply	60 457 731	120 490	-	-	18 434 425	79 012 646	17 150 724	2 626 942	-	-	19 777 666	59 234 980
Work in progress	32 079 512	12 834 729	-	-	(29 429 071)	15 485 170	-	-	-	-	-	15 485 170
<b>Leased Assets</b>	<b>789 994</b>	-	<b>(775 184)</b>	-	-	<b>14 810</b>	<b>696 304</b>	<b>91 114</b>	-	<b>(775 184)</b>	<b>12 235</b>	<b>2 575</b>
Furniture and Office Equipment	789 994	-	(775 184)	-	-	14 810	696 304	91 114	-	(775 184)	12 235	2 575
<b>Community Assets</b>	<b>46 853 981</b>	<b>4 715 551</b>	-	-	-	<b>51 569 532</b>	<b>15 714 050</b>	<b>1 575 107</b>	-	-	<b>17 289 157</b>	<b>34 280 375</b>
Community Facilities	17 523 827	816 639	-	-	-	18 340 466	6 405 059	631 471	-	-	7 036 530	11 303 937
Sport and Recreational Facilities	27 571 824	686 281	-	-	-	28 258 105	9 308 991	943 636	-	-	10 252 627	18 005 478
Work in progress	1 758 330	3 212 631	-	-	-	4 970 961	-	-	-	-	-	4 970 961
<b>Other Assets</b>	<b>42 235 883</b>	<b>5 835 650</b>	-	-	-	<b>48 071 534</b>	<b>25 548 740</b>	<b>4 144 704</b>	-	-	<b>29 693 444</b>	<b>18 378 090</b>
Computer Equipment	3 307 948	425 387	-	-	-	3 733 335	1 748 894	470 335	-	-	2 219 229	1 514 107
Furniture and Office Equipment	9 335 657	1 883 100	-	-	-	11 218 756	5 287 206	1 209 271	-	-	6 496 477	4 722 279
Machinery and Equipment	15 505 899	2 590 495	-	-	-	18 096 394	8 323 863	1 410 370	-	-	9 734 233	8 362 161
Transport Assets	14 086 379	936 669	-	-	-	15 023 048	10 188 777	1 054 729	-	-	11 243 506	3 779 542
	<b>427 674 825</b>	<b>25 905 173</b>	<b>(840 184)</b>	-	-	<b>452 739 814</b>	<b>119 699 666</b>	<b>16 124 048</b>	-	<b>(775 184)</b>	<b>135 048 530</b>	<b>317 691 283</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>11 INTANGIBLE ASSETS</b>		
Intangible Assets - Carrying Value	<u>4 292 597</u>	<u>3 236 318</u>
The carrying value of intangible Assets is reconciled as follows:		
<b>Opening Carrying Value</b>	<b>3 236 318</b>	<b>2 043 520</b>
Cost	3 022 959	2 822 983
Work in Progress	1 992 531	604 492
Accumulated Depreciation	(1 779 173)	(1 383 955)
Accumulated Impairment	-	-
Additions	5 607	199 976
Work in progress	1 455 762	1 388 039
Additions	1 455 762	1 838 039
Disposals	-	(450 000)
Amortisation	(405 090)	(395 218)
Disposal	-	-
Cost	-	-
Accumulated Depreciation	-	-
<b>Closing Carrying Value</b>	<b>4 292 597</b>	<b>3 236 318</b>
Cost	3 028 566	3 022 959
Work in Progress	3 448 294	1 992 531
Accumulated Depreciation	(2 184 263)	(1 779 173)
Accumulated Impairment	-	-

Work in progress is included in the carrying value of Intangible Assets. No amortisation is recognised against these amounts. The work in progress balance mainly relates to the Phoenix (Vesta) Financial System in process of being implemented at the Municipality at year-end. This implementation is required to ensure compliance with the mSCOA regulations that came into effect 1 July 2017. Management expects that full implementation will be completed during 2018/19. Once fully implemented, the assets are considered ready for use in line with management's expectations.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

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

## 12 HERITAGE ASSETS

Heritage Assets - Carrying Value	<u>454 012</u>	<u>454 012</u>
The carrying value of Heritage Assets are reconciled as follows:		
<b>Opening Carrying Value</b>	<b>454 012</b>	<b>454 012</b>
Cost	454 012	454 012
Accumulated Impairment	-	-
Movement	-	-
<b>Closing Carrying Value</b>	<b>454 012</b>	<b>454 012</b>
Cost	454 012	454 012
Accumulated Impairment	-	-

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>13 CAPITALISED RESTORATION COST (PPE)</b>		
Capitalised Restoration Cost - Carrying Value	<b>23 329 759</b>	<b>23 417 652</b>
As previously reported		-
Reclassification - note 41.2		23 417 652
Restated balance		23 417 652

The movement in capitalised restoration cost is reconciled as follows:

**Opening Carrying Value**

	2018	2017
<b>Opening Carrying Value</b>	<b>23 417 652</b>	<b>25 372 995</b>
Cost	43 817 490	42 845 626
Accumulated Depreciation	(20 399 838)	(17 472 631)
Accumulated Impairments	-	-
<b>Additions</b>	<b>3 244 930</b>	<b>971 864</b>
Depreciation for the year	(3 332 823)	(2 927 207)
Impairments for the year	-	-
<b>Closing Carrying Value</b>	<b>23 329 759</b>	<b>23 417 652</b>
Cost	47 062 420	43 817 490
Accumulated Depreciation	(23 732 660)	(20 399 838)
Accumulated Impairments	-	-

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 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 20 for more detail relating to this asset financed by way of a provision.

**14 LONG-TERM LIABILITIES**

Annuity Loans	56 362 960	54 801 548
Finance Lease Liabilities	-	2 819
<b>Sub-Total</b>	<b>56 362 960</b>	<b>54 804 367</b>
Less: Current portion of Long-term Liabilities	<b>5 119 513</b>	<b>4 536 359</b>
Annuity Loans	5 119 513	4 533 540
Finance Lease Liabilities	-	2 819
<b>Total</b>	<b>51 243 447</b>	<b>50 268 008</b>

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up	56 362 960	54 804 367
Used to finance Property, Plant and Equipment at cost	(54 758 814)	(54 647 661)
<b>Unspent Borrowings</b>	<b>1 604 146</b>	<b>156 706</b>

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



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

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### 14 LONG-TERM LIABILITIES (CONTINUED)

#### Annuity Loans

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

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA (61001254)	15.00%	2018-06-30	-	264 298
DBSA (61003131)	16.50%	2020-12-31	341 432	444 358
DBSA (61001189)	14.00%	2017-09-30	-	101 032
Nedbank (05/7831032282)	11.27%	2023-06-12	2 467 710	2 822 906
DBSA (61000757)	9.86%	2018-12-31	491 801	1 407 657
DBSA (61001029)	12.41%	2030-06-30	14 656 134	15 169 656
DBSA (61006811)	11.53%	2031-06-30	3 468 515	3 580 297
DBSA (61006837)	11.59%	2036-06-30	8 314 648	8 449 251
DBSA (61006975)	11.33%	2032-06-30	3 546 400	3 648 431
Standard Bank (252933753)	11.95%	2024-06-30	4 982 529	5 527 289
Standard Bank (252933737)	11.25%	2019-06-30	492 412	934 125
Standard Bank (410683566)	10.26%	2023-06-30	6 080 000	-
ABSA (3044794458)	9.99%	2021-06-30	282 973	360 199
ABSA (3044701437)	10.57%	2026-06-12	4 966 100	5 342 049
ABSA (3046456438)	10.12%	2027-06-30	5 618 154	5 970 000
ABSA (3046456399)	9.77%	2022-06-30	654 152	780 000
<b>Total</b>			<b>56 362 960</b>	<b>54 801 548</b>

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	11 514 728	10 819 285
Payable within two to five years	40 987 162	36 073 574
Payable after five years	47 980 158	56 335 704
<b>Total amount payable</b>	<b>100 482 048</b>	<b>103 228 564</b>
Less: Outstanding Future Finance Charges	(44 119 088)	(48 427 016)
<b>Present value of annuity loans</b>	<b>56 362 960</b>	<b>54 801 548</b>

#### Finance Lease Liabilities

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

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

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

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

Finance Lease Liabilities are payable as follows:

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>15 CONSUMER DEPOSITS</b>		
Water and Electricity Deposits	<b>3 464 470</b>	<b>3 281 104</b>
The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.		
<b>16 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	9 517 526	20 485 306
Retentions	494 203	610 684
Payments Received in Advance	4 106 809	2 533 879
Unused Pre-paid Electricity	599 704	559 902
Sundry Creditors	962 307	734 040
Sundry Deposits	1 500 857	1 239 401
Accrued Interest	-	20 302
Unknown Receipts	3 963 609	2 072 601
Goedverwacht Infrastructure Project	852 929	3 702 058
Wittewater Infrastructure Project	-	716 280
<b>Total</b>	<b>21 997 944</b>	<b>32 674 454</b>
As previously reported		33 017 704
Correction of error restatement - note 40.2		(343 250)
Restated balance		<b>32 674 454</b>
Payables are being recognised net of any discounts received.		
The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
The carrying value of trade and other payables approximates its fair value.		
Sundry deposits include hall, builders and housing Deposits.		
<b>17 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
National Government	-	371 484
Provincial Government	93 947	73 947
Other Grant Providers	105 523	-
<b>Total</b>	<b>199 470</b>	<b>445 431</b>
Detail reconciliations of all grants received and grant conditions met are included in note 23. Unspent grant balances are recognised to the extent that conditions are not yet met.		
No grants were withheld in the current year.		
Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>18 CURRENT EMPLOYEE BENEFITS</b>		
Bonuses	2 839 722	2 683 906
Staff Leave	5 940 989	5 538 336
Performance Bonuses	256 295	-
Current portion of Non-Current Employee Benefits - note 19	1 923 665	1 591 695
Post Retirement Medical Benefits	1 370 475	1 305 632
Long Service Awards	553 190	286 063
<b>Total</b>	<b>10 960 671</b>	<b>9 813 937</b>

The movement in current employee benefits are reconciled as follows:

### Bonuses

Opening Balance	2 683 906	2 513 358
Contribution during the year	5 212 918	4 766 950
Payments made	(5 057 101)	(4 596 402)
Balance at the end of the year	<b>2 839 722</b>	<b>2 683 906</b>

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

### Staff Leave

Opening Balance	5 538 336	5 150 615
Contribution during the year	1 000 070	971 823
Payments made	(597 417)	(584 102)
Balance at the end of the year	<b>5 940 989</b>	<b>5 538 336</b>

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

### Performance Bonuses

Opening Balance	-	-
Contribution during the year	289 297	-
Payments made	(33 002)	-
Balance at the end of the year	<b>256 295</b>	-

Performance bonuses are being paid to the Chief Financial Officer and Director Community Services after an evaluation of performance by the council.

## **19 EMPLOYEE BENEFITS**

Post Retirement Medical Benefits	36 122 084	37 121 419
Long Service Awards	5 579 123	5 116 747
<b>Sub-Total</b>	<b>41 701 207</b>	<b>42 238 166</b>
Less: Current portion of Employee Benefits	<b>1 923 665</b>	<b>1 591 695</b>
Post Retirement Medical Benefits	1 370 475	1 305 632
Long Service Awards	553 190	286 063
<b>Total</b>	<b>39 777 542</b>	<b>40 646 471</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

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### 19 EMPLOYEE BENEFITS (CONTINUED)

#### 19.1 Post Retirement Medical Benefits

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

Opening Balance	37 121 419	38 586 722
Contribution during the year	5 417 470	5 536 826
Current Service Cost	1 873 355	2 059 765
Interest Cost	3 544 115	3 477 061
Payments made	(1 308 827)	(1 153 759)
Actuarial Loss/(Gain)	(5 107 978)	(5 848 370)
Total balance at year-end	36 122 084	37 121 419
Less: Current portion	(1 370 475)	(1 305 632)
<b>Total</b>	<b>34 751 609</b>	<b>35 815 787</b>

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

In-service members	162	162
In-service non-members	227	239
Continuation members	31	30
<b>Total</b>	<b>420</b>	<b>431</b>

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

	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2018	14 692 550	4 440 963	16 988 570	<b>36 122 084</b>
30 June 2017	15 311 846	4 632 412	17 177 161	<b>37 121 419</b>
30 June 2016	19 070 202	4 091 768	15 424 752	<b>38 586 722</b>
30 June 2015	17 257 080	3 886 021	12 678 134	<b>33 821 235</b>
30 June 2014	15 045 458	3 250 734	11 543 941	<b>29 840 133</b>

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

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2018	(2 318 000)	-
30 June 2017	(727 000)	-
30 June 2016	773 000	-
30 June 2015	448 000	-
30 June 2014	2 123 000	-

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

Bonitas  
LA Health  
Hosmed  
Samwumed  
Keyhealth

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 19 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

#### i) Interest Rates

Discount rate	9.59%	9.71%
Health Care Cost Inflation Rate	7.38%	7.99%
Net Effective Discount Rate	2.06%	1.60%

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

#### ii) Mortality Rates

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

#### iii) Normal Retirement Age

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

#### iv) Last Valuation

The last valuation was performed on 6 August 2018.

#### v) Actuarial Valuation Method

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

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

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	19 133 513	16 988 570	36 122 083	
Health care inflation ( + 1% )	23 475 000	18 757 000	42 232 000	17%
Health care inflation ( - 1% )	15 719 000	15 466 000	31 185 000	-14%
Discount rate ( + 1% )	15 807 000	15 507 000	31 314 000	-13%
Discount rate ( - 1% )	23 421 000	18 736 000	42 157 000	17%
Post-retirement mortality ( - 1 year )	19 741 000	17 581 000	37 322 000	3%
Average retirement age ( - 1 year )	21 103 000	16 989 000	38 092 000	5%
Continuation of membership after retirement ( - 10% )	15 725 000	16 989 000	32 714 000	-9%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2017/18	1 873 355	3 544 115	5 417 470	
Health care inflation ( + 1% )	2 358 000	4 172 600	6 530 600	21%
Health care inflation ( - 1% )	1 500 400	3 038 500	4 538 900	-16%
Discount rate ( + 1% )	1 522 200	3 363 500	4 885 700	-10%
Discount rate ( - 1% )	2 332 800	3 739 000	6 071 800	12%
Post-retirement mortality ( - 1 year )	1 935 600	3 668 400	5 604 000	3%
Average retirement age ( - 1 year )	1 998 900	3 739 800	5 738 700	6%
Continuation of membership after retirement ( - 10% )	1 525 600	3 198 800	4 724 400	-13%

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 19 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2018/19	1 697 200	3 399 900	5 097 100	
Health care inflation ( + 1% )	2 133 900	3 985 600	6 119 500	20%
Health care inflation ( - 1% )	1 360 100	2 926 700	4 286 800	-16%
Discount rate ( + 1% )	1 381 200	3 245 400	4 626 600	-9%
Discount rate ( - 1% )	2 109 000	3 563 600	5 672 600	11%
Post-retirement mortality ( - 1 year )	1 751 100	3 515 000	5 266 100	3%
Average retirement age ( - 1 year )	1 904 100	3 588 800	5 492 900	8%
Continuation of membership after retirement ( - 10% )	1 380 600	3 073 000	4 453 600	-13%

### 19.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	5 116 747	5 071 550
Contribution during the year	874 596	889 028
Current Service Cost	448 678	463 903
Interest Cost	425 918	425 125
Payments made	(259 377)	(352 337)
Actuarial Loss/(Gain)	(152 843)	(491 494)
Total balance at year-end	<b>5 579 123</b>	<b>5 116 747</b>
Less: Current portion	(553 190)	(286 063)
<b>Total</b>	<b>5 025 933</b>	<b>4 830 684</b>

The Long Service Awards plans are defined benefit plans.

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

372

385

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

Unfunded Liability  
R

30 June 2018	5 579 123
30 June 2017	5 116 747
30 June 2016	5 071 550
30 June 2015	4 981 620
30 June 2014	4 474 426

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

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2018	(64 378)	-
30 June 2017	(198 919)	-
30 June 2016	(128 533)	-
30 June 2015	310 047	-
30 June 2014	79 054	-

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 19 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

#### i) Interest Rates

Discount rate	8.63%	8.56%
General Salary Inflation (long-term)	6.22%	6.38%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.27%	2.05%

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

#### ii) Last Valuation

The last valuation was performed on 6 August 2018.

#### iii) Actuarial Valuation Method

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

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation ( + 1%)	5 579 123	5 968 000	7%
General salary inflation ( - 1% )	5 579 123	5 229 000	-6%
Discount rate ( + 1% )	5 579 123	5 214 000	-7%
Discount rate ( - 1% )	5 579 123	5 992 000	7%
Average retirement age ( - 2 years )	5 579 123	4 801 000	-14%
Average retirement age ( + 2 years )	5 579 123	6 287 000	13%
Withdrawal rates ( - 50% )	5 579 123	6 593 000	18%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2018/19	474 400	458 100	932 500	
General salary inflation ( + 1%)	516 000	491 700	1 007 700	8%
General salary inflation ( - 1% )	437 500	427 900	865 400	-7%
Discount rate ( + 1% )	440 400	476 100	916 500	-2%
Discount rate ( - 1% )	513 300	436 500	949 800	2%
Average retirement age ( - 2 years )	422 900	391 000	813 900	-13%
Average retirement age ( + 2 years )	530 400	519 200	1 049 600	13%
Withdrawal rates ( - 50% )	621 600	545 600	1 167 200	25%

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 19 EMPLOYEE BENEFITS (CONTINUED)

#### 19.3 Other Pension Benefits

##### Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	644 194	590 953
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 102.6% (30 June 2016 - 106.1%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	8 877 089	7 728 092
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100.6% (30 June 2015 - 100.4%).

<b>Total</b>	<b>9 521 283</b>	<b>8 319 045</b>
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Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

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

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

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

##### Defined Contribution Plans

Council contributes to the following defined contribution plans:

Municipal Councillors Pension Fund	184 529	176 174
SAMWU National Provident Fund	1 995 513	2 024 266

<b>Total</b>	<b>2 180 042</b>	<b>2 200 440</b>
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The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>20 NON-CURRENT PROVISIONS</b>		
Provision for Rehabilitation of Landfill-sites	<b>66 402 063</b>	<b>60 730 406</b>
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	60 730 406	57 040 942
Contribution during the year	5 829 537	3 720 214
Increase/(Decrease) in estimate	3 244 930	971 864
Interest Cost	2 584 607	2 748 350
Expenditure incurred	(157 880)	(30 749)
<b>Total</b>	<b>66 402 063</b>	<b>60 730 406</b>

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

Location	Site Dimensions	Estimated Decommission Date	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Porterville	55 022m <sup>2</sup>	2025	27 615 477	25 409 821
Piketberg	57 000m <sup>2</sup>	2025	30 875 606	28 164 509
Aurora	7 370m <sup>2</sup>	2025	5 294 243	4 793 030
Redelinghuys	1 340m <sup>2</sup>	2025	2 616 738	2 363 045
<b>Total</b>			<b>66 402 063</b>	<b>60 730 406</b>

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

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Porterville	2025	36 462 558	36 804 606
Piketberg	2025	40 767 125	40 794 607
Aurora	2025	6 990 342	6 942 417
Redelinghuys	2025	3 455 053	3 422 729
<b>Total</b>		<b>87 675 079</b>	<b>87 964 359</b>

## 21 RESERVES

Capital Replacement Reserve	24 891 500	17 561 500
Housing Development Fund	303 919	393 813
<b>Total</b>	<b>25 195 419</b>	<b>17 955 313</b>

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>22 PROPERTY RATES</b>		
Rateable Land and Buildings	62 606 570	56 440 436
<b>Total</b>	<b>62 606 570</b>	<b>56 440 436</b>
As previously reported		56 638 655
Correction of error restatement - note 40.2		(198 219)
Restated balance		<b>56 440 436</b>

**Property rate levied are based on the following rateable valuations:**

Residential Property	4 395 496 000	4 036 031 000
Commercial Property	835 575 000	596 226 000
Industrial Property	-	237 426 000
Public Benefits Organisations	-	239 351 000
Agricultural Purposes	3 194 598 200	3 172 035 200
State - National/ Provincial Services	-	4 670 000
Public Service Infrastructure	4 685 000	-
Religious	400 000	-
Municipal Property	70 000	79 636 000
<b>Total Valuation</b>	<b>8 430 824 200</b>	<b>8 365 375 200</b>

**Rate that is applicable to the valuations above:**

Residential	1.114c/R	1.032c/R
Commercial/Industrial	1.225c/R	1.135c/R
Agricultural	0.279c/R	0.258c/R

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

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

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

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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	2018	2017
<b>23 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Unconditional Grants - National Government</b>	<b>37 144 000</b>	<b>33 319 000</b>
Equitable Share	37 144 000	33 319 000
<b>Conditional Grants - National Government</b>	<b>18 249 485</b>	<b>14 120 042</b>
Finance Management Grant (FMG)	1 550 000	1 475 000
Municipal Infrastructure Grant (MIG)	14 727 000	9 190 558
Expanded Public Works Programme (EPWP)	1 601 000	1 141 000
Integrated National Electrification Programme (INEP)	371 484	2 313 485
<b>Conditional Grants - Provincial Government</b>	<b>7 968 594</b>	<b>6 970 171</b>
CDW Contribution	-	23 053
Western Cape Financial Management Support Grant	330 000	73 210
Proclaimed Roads	75 594	73 907
Regional Socio - Economic Project/Violence Prevention through Urban Upgrading	1 000 000	-
Library Services	6 343 000	6 680 000
Financial Management Capacity Building Grant	220 000	120 000
Local Government Graduate Internship Allocation	-	-
<b>Conditional Grants - Other Grant Providers</b>	<b>387 858</b>	<b>505 829</b>
Cerebos Ltd	-	160 402
Heist op den Berg	333 358	-
Chieta	-	72 828
LG Seta	54 500	272 599
<b>Total</b>	<b>63 749 937</b>	<b>54 915 042</b>
Disclosed as:		
Government Grants and Subsidies - Operating	48 799 496	42 606 968
Government Grants and Subsidies - Capital	14 950 441	12 308 074
<b>Total</b>	<b>63 749 937</b>	<b>54 915 042</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable Share	37 144 000	32 899 000
Vote 1 - Municipal Manager	-	443 053
Vote 2 - Finance	2 100 000	1 548 210
Vote 3 - Corporate Services	1 054 500	7 145 427
Vote 4 - Technical Services	17 108 436	12 879 352
Vote 5 - Community Services	6 343 001	-
<b>Total</b>	<b>63 749 937</b>	<b>54 915 042</b>
The movements per grant can be summarised as follows:		
<b>23.01 Equitable Share</b>		
Opening Unspent Balance	-	-
Grants Received	37 144 000	33 319 000
Transferred to Revenue - Operating	(37 144 000)	(33 319 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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	2018	2017
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>23.02 Finance Management Grant (FMG)</b>		
Opening Unspent Balance	-	-
Grants Received	1 550 000	1 475 000
Transferred to Revenue - Operating	(800 000)	(763 256)
Transferred to Revenue - Capital	(750 000)	(711 744)
Other Movements	-	-
Closing Unspent Balance	-	-
The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial		
<b>23.03 Municipal Infrastructure Grant (MIG)</b>		
Opening Unspent Balance	-	306 558
Grants Received	14 727 000	8 884 000
Transferred to Revenue - Operating	(2 431 473)	(621 558)
Transferred to Revenue - Capital	(12 295 527)	(8 569 000)
Other Movements	-	-
Closing Unspent Balance	-	-
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
<b>23.04 Expanded Public Works Programme (EPWP)</b>		
Opening Unspent Balance	-	-
Grants Received	1 601 000	1 141 000
Transferred to Revenue - Operating	(1 601 000)	(1 141 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
<b>23.05 Integrated National Electrification Programme (INEP)</b>		
Opening Unspent Balance	371 484	684 969
Grants Received	-	2 000 000
Transferred to Revenue - Operating	(46 045)	(284 112)
Transferred to Revenue - Capital	(325 439)	(2 029 372)
Other Movements	-	-
Closing Unspent Balance	-	371 484
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		
<b>23.06 CDW Contribution</b>		
Opening Unspent Balance	13 947	-
Grants received	-	37 000
Transferred to Revenue - Operating	-	(23 053)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	13 947	13 947
The CDW Contribution was used to finance the activities of Community Development Workers.		

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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	2018	2017
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>23.07 Western Cape Financial Management Support Grant</b>		
Opening Unspent Balance	-	73 210
Grants received	330 000	-
Transferred to Revenue - Operating	(40 525)	(73 210)
Transferred to Revenue - Capital	(289 475)	-
Other Movements	-	-
Closing Unspent Balance	-	-
The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain databases cleansing, risk management and internal audit services.		
<b>23.08 Proclaimed Roads</b>		
Opening Unspent Balance	-	-
Grants received	75 594	73 907
Transferred to Revenue - Operating	(75 594)	(73 907)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-
The grant was used for maintenance of provincial roads.		
<b>23.09 Regional Socio - Economic Project/Violence Prevention through Urban Upgrading</b>		
Opening Unspent Balance	-	-
Grants received	1 000 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(1 000 000)	-
Other Movements	-	-
Closing Unspent Balance	-	-
The grant was utilised for the extension of Calendula street.		
<b>23.10 Library Services</b>		
Opening Unspent Balance	-	-
Grants Received	6 343 000	6 680 000
Transferred to Revenue - Operating	(6 053 000)	(5 842 444)
Transferred to Revenue - Capital	(290 000)	(837 556)
Other Movements	-	-
Closing Unspent Balance	-	-
The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.		
<b>23.11 Financial Management Capacity Building Grant</b>		
Opening Unspent Balance	-	-
Grants Received	240 000	120 000
Transferred to Revenue - Operating	(220 000)	(120 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	20 000	-
The purpose of the grant is to develop financial human capacity within the municipal areas to enable sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.		

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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	2018	2017
<b>23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>23.12 Local Government Graduate Internship Allocation</b>		
Opening Unspent Balance	60 000	-
Grants Received	-	60 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	<u>60 000</u>	<u>60 000</u>
This grant will be utilised for the recruitment of interns.		
<b>23.13 Cerebos Ltd</b>		
Opening Unspent Balance	-	46 587
Grants Received	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(160 402)
Other Movements	-	113 815
Closing Unspent Balance	<u>-</u>	<u>-</u>
This grant is for the developing of a sport field at Piketberg.		
<b>23.14 Heist op den Berg</b>		
Opening Unspent Balance	-	-
Grants Received	438 882	-
Transferred to Revenue - Operating	(333 358)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	<u>105 523</u>	<u>-</u>
This grant is federal government funding from Belgium for solid waste management.		
<b>23.15 Chieta</b>		
Opening Unspent Balance	-	12 828
Grants Received	-	60 000
Transferred to Revenue - Operating	-	(72 828)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	<u>-</u>	<u>-</u>
This grant is for the training and development of municipal officials		
<b>23.16 LG Seta</b>		
Opening Unspent Balance	-	-
Grants Received	54 500	272 599
Transferred to Revenue - Operating	(54 500)	(272 599)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	<u>-</u>	<u>-</u>
This grant is for the training and development of municipal officials		
<b>23.17 Total Grants</b>		
Opening Unspent Balance	445 431	1 124 152
Grants Received	63 503 975	54 122 506
Transferred to Revenue - Operating	(48 799 496)	(42 606 968)
Transferred to Revenue - Capital	(14 950 441)	(12 308 074)
Other Movements	-	113 815
Closing Unspent Balance	<u>199 470</u>	<u>445 431</u>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

		2018	2017
<b>24</b>	<b>CONTRIBUTED ASSETS</b>		
	Fire Truck	1 754 650	-
	Computer Equipment	138 932	-
	<b>Total</b>	<b>1 893 582</b>	-
	The fire truck for the Municipality and computer equipment for a library was sponsored by Western Cape Provincial Government.		
<b>25</b>	<b>FINES, PENALTIES AND FORFEITS</b>		
	Traffic Fines	6 472 330	9 527 787
	Library Fines	24 159	15 980
	Illegal Connections	204 273	26 566
	Unclaimed Money	397 509	243 109
	<b>Total</b>	<b>7 098 271</b>	<b>9 813 442</b>
	As previously reported		9 779 747
	Reclassification - note 41.1		269 675
	Correction of error restatement - note 40.2		(235 980)
	Restated balance		<b>9 813 442</b>
	In terms of the requirements of GRAP 23 and IGRAP 1, all traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
<b>26</b>	<b>ACTUARIAL GAINS</b>		
	Post Retirement Medical Benefits	5 107 978	5 848 370
	Long Service Awards	152 843	491 494
	<b>Total</b>	<b>5 260 821</b>	<b>6 339 864</b>
<b>27</b>	<b>SERVICE CHARGES</b>		
	Electricity	95 252 049	95 504 833
	Water	20 911 329	26 437 985
	Refuse Removal	23 617 359	22 422 978
	Sewerage and Sanitation	14 642 921	13 556 463
	<b>Total Revenue</b>	<b>154 423 658</b>	<b>157 922 258</b>
	Less: Rebates	(8 799 583)	(8 672 140)
	Electricity	(749 743)	(828 097)
	Water	(1 602 395)	(1 647 485)
	Refuse Removal	(3 875 234)	(3 714 458)
	Sewerage and Sanitation	(2 572 211)	(2 482 101)
	<b>Total</b>	<b>145 624 075</b>	<b>149 250 118</b>
	As previously reported		149 525 885
	Reclassification - note 41.1		(275 766)
	Restated balance		<b>149 250 118</b>

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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	2018	2017
<b>28 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Halls	143 525	128 236
Camping and Entrance Fees	4 201 430	4 269 571
Commonage	582 000	593 722
Hawker Stalls	102 215	99 376
Land and Buildings	290 320	218 796
<b>Total</b>	<b>5 319 490</b>	<b>5 309 702</b>
As previously reported		4 954 107
Reclassification - note 41.1		355 595
Restated balance		<b>5 309 702</b>
<b>29 AGENCY SERVICES</b>		
Drivers Licences	1 152 956	1 094 727
Motor Vehicle Registration	2 468 579	2 278 487
Roadworthy Certificates	394 964	435 496
<b>Total</b>	<b>4 016 499</b>	<b>3 808 710</b>
As previously reported		2 340 077
Reclassification - note 41.1		1 468 634
Restated balance		<b>3 808 710</b>
<b>30 OTHER INCOME</b>		
Building Plan Approval	1 192 907	1 035 172
Cemetery and Burial	350 021	356 393
Cleaning and Removal	114 547	199 589
Clearance and Valuation Certificates	210 500	178 046
Commission	57 309	61 589
Development Charges	188 137	335 233
Photocopies and Faxes	50 804	58 769
Sub-division and Consolidation Fees	115 744	89 968
Sundry Income	273 457	169 286
<b>Total</b>	<b>2 553 426</b>	<b>2 484 046</b>
As previously reported		2 899 754
Reclassification - note 41.1		(307 322)
Correction of error restatement - note 40.1		(108 385)
Restated balance		<b>2 484 046</b>



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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	2018	2017
<b>31 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	71 087 583	63 678 971
Pension and UIF Contributions	11 962 404	10 807 951
Medical Aid Contributions	4 502 743	4 395 312
Overtime	4 340 301	4 677 993
Motor Vehicle Allowance	4 096 285	3 957 262
Housing Allowances	1 167 968	1 322 022
Other benefits and allowances	4 980 912	4 633 660
Acting Allowance	654 343	778 349
Bargaining Council Levy	40 791	37 516
Group Life Insurance	1 149 516	1 031 495
Standby Allowance	2 898 457	2 744 967
Sundry Allowances	237 805	41 333
Contributions to Employee Benefits	8 824 318	8 262 441
Bonuses	5 212 918	4 766 950
Staff Leave	1 000 070	971 823
Performance Bonuses	289 297	-
Long Service Awards	448 678	463 903
Post Retirement Medical Benefits	1 873 355	2 059 765
Workmen's Compensation Fund	618 314	506 152
<b>Total</b>	<b>111 580 828</b>	<b>102 241 763</b>
<b>Remuneration of Management Personnel</b>		
Key management personnel are all appointed on a permanent basis, except for the Municipal Manager who is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
<b>Municipal Manager - Adv H Linde</b>		
Annual Remuneration	1 194 477	1 140 659
Travelling Allowance	120 000	90 990
Contributions to UIF, Medical and Pension Funds	261 884	219 013
<b>Total</b>	<b>1 576 361</b>	<b>1 450 661</b>
<b>Chief Financial Officer - Mr JA van Niekerk (retired March 2017)</b>		
Annual Remuneration	-	485 651
Travelling Allowance	-	93 627
Contributions to UIF, Medical and Pension Funds	-	130 189
Housing Subsidy	-	123 282
Service Bonus	-	63 114
Long Service Award	-	-
Leave	-	185 195
<b>Total</b>	<b>-</b>	<b>1 081 057</b>
<b>Director: Corporate Services - Mr JWA Kotzee</b>		
Annual Remuneration	728 259	625 335
Travelling Allowance	180 000	180 377
Contributions to UIF, Medical and Pension Funds	182 677	160 822
Housing Subsidy	123 224	164 762
<b>Total</b>	<b>1 214 160</b>	<b>1 131 296</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 31 EMPLOYEE RELATED COSTS (CONTINUED)

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

Annual Remuneration	777 255	709 266
Travelling Allowance	96 000	96 000
Contributions to UIF, Medical and Pension Funds	191 100	178 437
Housing Subsidy	132 828	132 828
Service Bonus	43 349	40 000
<b>Total</b>	<b>1 240 531</b>	<b>1 156 530</b>

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

Annual Remuneration	761 352	177 837
Travelling Allowance	120 000	30 553
Performance Bonus	33 002	-
Contributions to UIF, Medical and Pension Funds	117 196	29 903
<b>Total</b>	<b>1 031 550</b>	<b>238 294</b>

#### Director: Community Services - Mr DA Josephus (appointed 1 September 2017)

Annual Remuneration	531 174	-
Travelling Allowance	130 004	-
Contributions to UIF, Medical and Pension Funds	109 211	-
Service Bonus	38 547	-
Housing Subsidy	23 189	-
<b>Total</b>	<b>832 123</b>	<b>-</b>

### 32 REMUNERATION OF COUNCILLORS

Ald JA Raats	- terminated August 2016	-	69 837
Cllr WJ Dirks	- terminated August 2016	-	27 761
Cllr JC Botha	- terminated August 2016 and elected 20 June 2018	9 403	32 823
Ald RM van Rooy		637 736	528 385
Cllr DJ Smith	- terminated August 2016	-	112 312
Cllr CJ Snyders	- terminated August 2016	-	30 836
Ald SM Crafford		677 531	626 809
Ald EB Manuel	- August 2016 - May 2018	757 894	789 447
Ald A de Vries		677 531	627 346
Cllr SR Claassen		364 042	276 274
Ald SIJ Smit		292 677	259 387
Cllr A Maarman	- terminated August 2016	-	27 761
Cllr C Snyders	- terminated August 2016	-	27 761
Cllr J Daniels	- elected August 2016	292 677	240 289
Cllr AJ Du Plooy	- elected August 2016	352 148	237 607
Ald JJ Josephus	- August 2016 - May 2017	-	209 092
Cllr A Small	- elected August 2016	292 677	225 594
Cllr MA Wessels	- elected August 2016	637 736	551 289
Ald J Swart	- elected August 2016	292 677	232 765
Cllr SS Lesch	- elected August 2016	292 677	225 594
Cllr BJ Claassen	- elected August 2017	244 909	-
<b>Total</b>		<b>5 822 315</b>	<b>5 358 968</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 32 REMUNERATION OF COUNCILLORS (CONTINUED)

	Basic Salary	Motor Vehicle Allowance	Cellphone Allowance	Medical and Pension Contributions	Total
<b>2018</b>					
Executive Mayor	465 922	170 597	37 113	82 238	755 871
Deputy Executive Mayor	424 158	151 602	40 800	60 971	677 531
Speaker	636 731	-	40 800		677 531
Executive Committee	855 208	202 128	81 600	136 536	1 275 472
Other Councillors	1 805 626	155 893	320 957	153 435	2 435 910
<b>Total</b>	<b>4 187 645</b>	<b>680 220</b>	<b>521 270</b>	<b>433 180</b>	<b>5 822 315</b>
<b>2017</b>					
Executive Mayor	478 088	201 176	21 190	88 993	789 447
Deputy Executive Mayor	394 969	151 405	21 190	59 245	626 809
Speaker	645 839	21 635	23 513	6 196	697 183
Executive Committee	757 786	195 979	38 095	87 814	1 079 674
Other Councillors	1 623 531	209 702	173 761	158 862	2 165 856
<b>Total</b>	<b>3 900 213</b>	<b>779 896</b>	<b>277 750</b>	<b>401 110</b>	<b>5 358 968</b>

#### In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee member serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties

### 33 DEBT IMPAIRMENT

Receivables from Exchange Transactions	4 020 856	2 972 829
Receivables from Non-Exchange Transactions	8 582 728	9 482 796
<b>Total Debt Impairment</b>	<b>12 603 585</b>	<b>12 455 625</b>
Movement in VAT included in debt impairment	(338 161)	(245 548)
<b>Total</b>	<b>12 265 424</b>	<b>12 210 077</b>
As previously reported		12 789 307
Correction of error restatement - note 40.2		(579 230)
Restated balance		<b>12 210 077</b>

### 34 DEPRECIATION AND AMORTISATION

Property, Plant and Equipment	16 699 873	16 124 048
Intangible Assets	405 090	395 218
Investment Property	1 384	1 382
Capitalised Restoration Cost (PPE)	3 332 823	2 927 207
<b>Total</b>	<b>20 439 170</b>	<b>19 447 855</b>
As previously reported		19 372 439
		75 416
Restated balance		<b>19 447 855</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>35 FINANCE CHARGES</b>		
<b>Cash</b>	6 280 107	6 011 840
Long-term Liabilities	6 280 107	6 011 840
<b>Non-cash</b>	6 554 640	6 650 535
Post Retirement Medical Benefits	3 544 115	3 477 061
Long Service Awards	425 918	425 125
Rehabilitation of Landfill Sites	2 584 607	2 748 350
<b>Total</b>	<b>12 834 747</b>	<b>12 662 376</b>
<b>36 BULK PURCHASES</b>		
Electricity	73 795 816	73 189 398
Water	4 006 927	5 639 751
<b>Total</b>	<b>77 802 743</b>	<b>78 829 149</b>
As previously reported		80 493 562
Correction of error restatement - note 40.3		(120 490)
Reclassification - note 41.1		(1 543 923)
Restated balance		<b>78 829 149</b>
<p>Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWA and a number of private suppliers.</p>		
<b>37 TRANSFERS AND GRANTS</b>		
Animal Welfare	50 000	11 660
Bergrivier Canoe Marathon	53 500	50 000
Bergrivier Estuary Management Forum	134 970	126 140
Boland Rugby	-	106 000
External Bursaries	220 000	-
Museums	480 900	449 440
Port Owen Marine Authority	901 690	843 000
Society for the Prevention of Cruelty to Animals (SPCA)	120 230	112 360
Sport Councils	260 000	180 200
St Helena Bay Water Quality Trust	34 016	32 090
Tourism	1 891 800	1 640 000
Other Transfers and Grants	3 000	-
<b>Total</b>	<b>4 150 106</b>	<b>3 550 890</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

	2018	2017
<b>38 OTHER EXPENDITURE</b>		
Accounting and Auditing	1 567 581	1 012 983
Advertising, Publicity and Marketing	884 498	737 560
Bank Charges, Facility and Card Fees	617 347	530 002
Bursaries to Employees	313 936	-
Chemicals	525 694	808 076
Commission - Prepaid Electricity	1 932 461	1 932 720
Communication	2 720 001	2 235 084
SMS Bulk Message Service	-	2 680
Cellular Contract (Subscription and Calls)	531 398	334 374
Postage, Stamps and Franking Machines	656 484	554 838
Telephone, Fax, Telegraph and Telex	1 532 119	1 343 193
Drivers Licence Cards	337 725	290 800
Electricity - Internal usage	1 146 916	1 543 923
Entertainment	186 152	139 270
External Audit Fees	2 308 755	2 279 466
External Computer Service	2 000 802	1 026 129
Fuel	3 581 984	3 114 733
Hire Charges	281 532	256 608
Human Resources	147 115	133 353
Insurance	1 058 418	699 055
Laboratory Services	626 663	673 604
Learnerships and Internships	729 613	1 019 164
Legal Cost	286 715	102 253
Maintenance Services	3 732 366	3 626 095
Maintenance Materials	3 770 160	5 128 792
Motor Vehicle Licence and Registrations	252 963	231 304
Organisational	1 063 543	545 059
Printing and Stationary	1 239 970	1 151 442
Professional Bodies, Membership and Subscription	1 198 128	1 119 895
Refuse bags	1 286 303	1 092 160
Refuse Removal	3 998 873	3 640 759
Security Services	570 072	689 504
Skills Development Fund Levy	927 932	850 591
Small Tools and Equipment	291 563	255 586
Traffic Fines Management	199 059	130 120
Travel and Subsistence	1 356 589	1 151 726
Uniform and Protective Clothing	591 551	527 573
Valuer and Assessors	1 035 417	12 368
Other Consulting and Professional Fees	1 366 658	1 514 400
Sundries and Other Consumables	2 159 837	1 797 129
<b>Total</b>	<b>46 294 892</b>	<b>41 999 286</b>
As previously reported		40 455 363
Reclassification - note 41.1		1 543 923
Restated balance		41 999 286
<b>39 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS</b>		
Proceeds	789 855	471 929
Less: Carrying value of Investment Property disposed	(110 000)	(20 000)
Less: Carrying value of Property, Plant and Equipment disposed	(113 723)	(65 000)
Less: Carrying value of Intangible Assets disposed	-	(450 000)
<b>Total</b>	<b>566 132</b>	<b>(63 071)</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 40 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

#### 40.1 Receivables from Exchange Transactions

It was noted that cleaning of erven was incorrectly levied in the prior year.

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

- Receivables from Exchange Transactions - note 3	Overstated	(108 385)
- Other Income - note 30	Overstated	(108 385)

#### 40.2 Receivables from Non-Exchange Transactions

The following errors were noted on traffic fines pertaining to 2016/17:

- Fines amounting to R93 700 which was not recorded.
- Payments amounting to R343 250 which could previously not be traced to the respective fines issued, were allocated. Reductions amounting to R329 680 associated with the said payments were also not recorded.
- The above-mentioned errors also effected the Provision for Debt Impairment which was overstated by R579 230

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

- Receivables from Non-Exchange Transactions - note 4	No effect	-
- Payables from exchange transactions - note 16	Overstated	(343 250)
- Fines, penalties and forfeits - note 25	Overstated	(235 980)
- Debt Impairment - note 33	Overstated	(579 230)

It was also noted that drought relief rebates were not granted in the prior year to qualifying consumers. The net effect of the error was as follow:

- Receivables from Non-Exchange Transactions - note 4	Overstated	(198 219)
- Property Rates - note 22	Overstated	(198 219)

#### 40.3 Property, Plant and Equipment

The following errors were noted on Property, Plant and Equipment:

- Property amounting to R225 451 meeting the definition of Investment Property was incorrectly included as part of Property, Plant and Equipment.
- Property amounting to R25 000 meeting the definition of Property, Plant and Equipment was incorrectly included as Investment Property.
- Water Supply Infrastructure amounting to R1 985 410 was incorrectly recorded in the records of West Coast District Municipality.

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

- Investment Property - note 9	Understated	200 452
- Property, Plant and Equipment - note 10	Understated	1 784 959
- Depreciation and Amortisation - note 34	Understated	75 416
- Bulk Purchases - note 36	Overstated	(120 490)
- Accumulated Surplus - note 40.4	Understated	1 940 337

#### 40.4 Accumulated Surplus

Property, Plant and Equipment - note 40.3		1 940 337
Total		<b>1 940 337</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 41 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATIONS

#### 41.1 Revenue and Expenditure

The following items were reclassified in order to be aligned to the nature of the revenue or expenditure item as per the mSCOA chart:

Item	Previous Classification	Revised Classification	Amount
Illegal Connections	Other Income	Fines, penalties and forfeits	26 566
Interest on Eskom Deposit	Other Income	Interest Earned	19 408
Unclaimed Money	Other Income	Fines, penalties and forfeits	243 109
Cleaning and Removal	Service Charges	Other Income	281 580
Water Reading Fees	Other Income	Service Charges	1 503
Refuse Bags	Other Income	Service Charges	4 311
Drivers Licences	Licences and Permits	Agency Services	1 094 727
Roadworthy Certificates	Licences and Permits	Agency Services	435 496
Commission	Agency Services	Other Income	61 589
Camping and Entrance Fees	Other Income	Rental of Facilities and Equipment	256 219
Hawker Stalls	Other Income	Rental of Facilities and Equipment	99 376
Internal Electricity Usage	Bulk Purchases	Other Expenditure	1 543 923

The above mentioned reclassifications effected the following line items:

#### Revenue

- Fines, penalties and forfeits	269 675
- Service Charges	(275 766)
- Rental of Facilities and Equipment	355 595
- Interest Earned - External Investments	19 408
- Agency Services	1 468 634
- Licences and Permits	(1 530 223)
- Other Income	(307 322)

#### Expenditure

- Bulk Purchases	(1 543 923)
- Other Expenditure	1 543 923

#### 41.2 Capital Restoration Costs

Capital Restoration Cost was previously disclosed as per of the balance of Property, Plant and Equipment (PPE). Although this item is accounted for under the Property Plant and Equipment Standard of GRAP (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.

- Capitalised Restoration Cost (PPE)	23 417 652
- Property, Plant and Equipment	(23 417 652)

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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	2018	2017
<b>42 NET CASH FROM OPERATING ACTIVITIES</b>		
Net Surplus for the year	19 539 252	22 267 750
Adjusted for:		
Non-cash revenue included in Net Surplus	(7 698 361)	(6 326 392)
Contributed Assets	(1 893 582)	-
Actuarial Gains	(5 260 821)	(6 339 864)
Rental of Facilities and Equipment - decrease in operating lease asset	22 174	13 472
Gain on disposal of Non-Monetary Assets	(566 132)	-
Non-cash expenditure included in Net Surplus	48 083 552	46 633 979
Employee Related Costs - Contributions towards	8 824 318	8 262 441
Post Retirement Medical Benefits	1 873 355	2 059 765
Long Service Awards	448 678	463 903
Bonuses	5 212 918	4 766 950
Staff Leave	1 000 070	971 823
Performance Bonuses	289 297	-
Debt Impairment	12 265 424	12 210 077
Depreciation and Amortisation	20 439 170	19 447 855
Finance Charges	6 554 640	6 650 535
Post Retirement Medical Benefits	3 544 115	3 477 061
Long Service Awards	425 918	425 125
Provision for Rehabilitation of Landfill-sites	2 584 607	2 748 350
Loss on disposal of Non-Monetary Assets	-	63 071
Cash expenditure not included in Net Surplus	(7 413 604)	(6 717 349)
Post Retirement Medical Benefits	(1 308 827)	(1 153 759)
Long Service Awards	(259 377)	(352 337)
Bonuses	(5 057 101)	(4 596 402)
Staff Leave	(597 417)	(584 102)
Performance Bonuses	(33 002)	-
Provision for Rehabilitation of Landfill-sites	(157 880)	(30 749)
Operating Surplus before changes in working capital	52 510 838	55 857 988
Movement in working capital	(29 718 806)	(14 849 350)
Receivables from Exchange Transactions	(10 417 914)	(9 651 942)
Receivables from Non-Exchange Transactions	(13 259 831)	(11 310 057)
Inventory	(397 569)	170 600
Long-term Receivables	912 310	1 220 658
Payables from exchange transactions	(10 676 510)	5 133 805
Unspent Conditional Government Grants	(245 961)	(678 721)
Taxes	4 366 669	266 307
<b>Cash Flow from Operating Activities</b>	<b>22 792 032</b>	<b>41 008 638</b>



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 43 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	71 494 389	76 050 999
Call and Notice Deposits	6 425 225	6 022 041
Cash Floats	16 350	7 450
<b>Total</b>	<b>77 935 964</b>	<b>82 080 490</b>

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

### 44 BUDGET COMPARISONS

#### 44.1 Comparable Basis

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

The following items are affected by these classification differences:

#### Statement of Financial Position

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

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

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

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

#### Statement of Financial Performance

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

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

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

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

*Other Materials and Contracted Services are required to be separately budgeted. However this line item is not GRAP compliant as it does not disclose the nature of the expenditure. Accordingly Other Materials and Contracted Services should be read in conjunction with Other Expenditure.*

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

#### 44.2 Statement of Financial Position

##### Adjustments to Original Budget

*Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2016/17.*

*Property, Plant and Equipment was also adjusted to take into account approved roll over grants as well as Public Donations and Contributions which were not included in the original budget.*

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

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 44 BUDGET COMPARISONS (CONTUED)

#### Actual Amounts vs Final Budget

Cash was less than budget due to the settlement of outstanding creditors at year-end.

Consumer Debtors increased due to a decline in collection rate attributed to the challenges experienced with the implementation of the new financial system.

Other Debtors decreased due to less fines issued than anticipated.

Trade and Other Payables were less than budget due to the settlement of outstanding creditors as mentioned above.

Provisions and Employee Benefits were less than budget due to an actuarial gain which could not be budgeted for.

Accumulated Surplus was more than budget due to reasons as stated under the Statement of Financial Performance heading.

### 44.3 Statement of Financial Performance

#### Adjustments to Original Budget

The mid-year budget and performance assessment determined that additional revenue would be available for appropriation during 2017/2018 from Property Rates (R 2.5 million), Sanitation Revenue (R 1.1 million) and Refuse Revenue (R 1.148 million).

Both Service Charges for Electricity and Water were decreased as a result of decrease in demand due to the drought.

Fines was increased in line with the actual audit outcome of 2016/17.

Employee related costs were adjusted downwards by the amount of R 6.091 million as a result of not all vacant posts being filled.

The bulk purchases decreased by R 6.619 million to take into account the decrease in demand as noted above.

Transfers and subsidies - Capital (in-kind) were increased as a result of public donations consisting out of a fire truck and computer equipment to the value of R 1.894 million

#### Actual Amounts vs Final Budget

Property Rates were less than budget due to supplementary valuations not materialising as anticipated.

Service Charges - Electricity Revenue were less than budget due to excessive decrease in consumption patterns directly linked to the drought experienced in the municipal area.

Transfers and Grants - Operational was less than budget as the Housing Grant is included in the budget, but for GRAP purposes it is treated as an agency function.

Other Revenue was more than budget due to the Actuarial Gains which can not be budgeted for.

Other Material, Contracted Services and Other Expenditure should be read in conjunction. The reason for the actuals amounts being less than budget are as follow:

- Expenditure pertaining to the Housing grant being treated differently for budget and GRAP purposes. For budget purpose it is included as expenditure, but for GRAP purposes it is treated as an agency service.

- Expenditure was also less than budget as a result of the drought whereby expenditure was curtailed due to less revenue being collected.

### 44.4 Cash Flow Statement

#### Adjustments to Original Budget

Service Charges were increased mainly due to a decrease in electricity and water sales.

Suppliers and Employees were increased due to the decrease in employee related costs and bulk purchase.

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

#### Actual Amounts vs Final Budget

Both Property Rates and Services charges were less than budget due to a decrease in the collection rate.

Government Grants were less than budget due to the treatment of the Housing grant as an agency function.

Suppliers and Employee were less than budget as a result of the drought whereby expenditure was curtailed due to less revenue being collected.

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

#### 45.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

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

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

	2018 (Actual) R	2018 (Final Budget) R	2018 (Unauthorised) R	2017 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>				
Vote 1 - Municipal Manager	20 832 264	23 013 696	-	-
Vote 2 - Finance	27 247 449	27 621 288	-	-
Vote 3 - Corporate Services	26 684 102	28 161 735	-	-
Vote 4 - Technical Services	176 276 322	184 438 658	-	-
Vote 5 - Community Services	40 150 088	57 919 883	-	-
<b>Total</b>	<b>291 190 225</b>	<b>321 155 260</b>	<b>-</b>	<b>-</b>
<b>Unauthorised expenditure - Capital</b>				
Vote 1 - Municipal Manager	99 866	101 500	-	-
Vote 2 - Finance	1 577 331	1 579 475	-	-
Vote 3 - Corporate Services	1 187 898	1 232 000	-	-
Vote 4 - Technical Services	23 236 035	25 876 597	-	-
Vote 5 - Community Services	5 275 724	5 421 362	-	-
<b>Total</b>	<b>31 376 854</b>	<b>34 210 934</b>	<b>-</b>	<b>-</b>

#### 45.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	-	-
Fruitless and wasteful expenditure incurred	8 993	-
Recovered from Employees	(8 993)	-
<b>Fruitless and wasteful expenditure awaiting further action</b>	<b>-</b>	<b>-</b>

Details of fruitless and wasteful expenditure incurred

(a) An employee who resigned service in August 2017 was paid a salary in September 2017 and not all funds could be recovered.	2 042	-
(b) An employee who retired from service in January 2018 was paid a salary in February 2018 and not all funds could be recovered.	6 951	-
<b>Total</b>	<b>8 993</b>	<b>-</b>

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred due to the employees no longer being in service of the municipality and no criminal offence occurred.

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

#### 45.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

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

Details of irregular expenditure incurred

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

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

### 46 MATERIAL LOSSES

#### 46.1 Water distribution losses

Kilo litres disinfected/purified/purchased	1 715 403	2 598 395
Kilo litres sold and free basic services	1 595 585	2 340 347
Kilo litres lost during distribution	119 818	258 048
Percentage lost during distribution	6.98%	9.93%
Distribution loss (Rand Value)	636 234	1 290 240

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

#### 46.2 Electricity distribution losses

Units purchased (Kwh)	79 806 013	80 203 384
Units sold, free basic services and standard friction losses	72 101 616	73 046 048
Units lost during distribution (Kwh)	7 704 397	7 157 336
Percentage lost during distribution	9.65%	8.92%
Distribution loss (Rand Value)	6 958 612	6 464 506

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

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	2018	2017
<b>47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>47.1 SALGA Contributions [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Expenditure incurred	1 143 183	1 055 981
Payments	(1 143 183)	(1 055 981)
<b>Payments in advance</b>	<u>-</u>	<u>-</u>
<b>47.2 Audit Fees [MFMA 125 (1)(c)]</b>		
Opening balance	-	3 829
Expenditure incurred	2 381 045	2 346 172
External Audit - Auditor-General	2 308 755	2 279 466
Audit Committee	72 291	66 705
Payments	(2 381 045)	(2 350 000)
<b>Outstanding Balance</b>	<u>-</u>	<u>-</u>
<b>47.3 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	3 634 305	3 111 446
Net amount claimed during the year	1 785 980	(2 152 882)
Net amount paid / (received) during the year	(3 175 606)	2 675 741
<b>Outstanding Balance</b>	<u>2 244 679</u>	<u>3 634 305</u>
<p>VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.</p>		
<b>47.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Payroll deductions and Council Contributions during the year	15 241 589	13 373 332
Payments	(15 241 589)	(13 373 332)
<b>Outstanding Balance</b>	<u>-</u>	<u>-</u>
<b>47.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Payroll deductions and Council Contributions during the year	25 247 683	24 434 090
Payments made to pension and medical fund	(25 247 683)	(24 434 090)
<b>Outstanding Balance</b>	<u>-</u>	<u>-</u>
<b>47.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]</b>		
<p>The following Councillor had arrear accounts outstanding for more than 90 days during the year.</p>		
J Swart	84	1 591
AJ du Plooy	1 884	-
<b>Total</b>	<u>1 968</u>	<u>1 591</u>

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

#### 47.7 Deviations from Supply Chain Management Regulations

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

Section 36(1)(a)(i) - Emergencies	3 659 613	1 436 579
Section 36(1)(a)(ii) - Single provider	1 682 280	859 051
Section 36(1)(a)(iii) - Specialised services	1 757 437	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	2 269 538	4 817 433
<b>Total</b>	<b>9 368 869</b>	<b>7 113 062</b>

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

Vote 1 - Municipal Manager	486 258	608 055
Vote 2 - Finance	172 941	1 621 778
Vote 3 - Corporate Services	1 166 380	1 664 998
Vote 4 - Technical Services	6 815 851	3 218 231
<b>Total</b>	<b>9 368 869</b>	<b>7 113 062</b>

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

### 48 CAPITAL COMMITMENTS

Approved and contracted for

	<b>21 712 198</b>	<b>35 232 989</b>
Infrastructure	17 978 184	29 848 480
Intangible Assets	3 734 014	5 384 509

This expenditure will be financed from:

Government Grants	15 175 300	31 848 480
External Loans	2 500 000	-
Own funding	4 036 898	3 384 509
	<b>21 712 198</b>	<b>35 232 989</b>

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

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### 49 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

#### 49.1 Credit Risk

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

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	77 935 964	82 080 490
Receivables from exchange transactions	52 726 630	46 329 573
Long-term Receivables	1 608 558	2 535 757
<b>Total</b>	<b>132 271 152</b>	<b>130 945 819</b>

#### Cash and Cash Equivalents

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

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

#### Receivables from Exchange Transactions

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

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

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

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

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

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

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

Electricity	5 923 209	3 933 283
Water	7 574 192	6 285 289
Housing Rentals	173 138	35 551
Refuse	12 953 579	8 511 021
Sewerage	8 121 817	5 583 907
Other	2 787 068	6 103 967
Property Rates (Statutory Receivable)	24 816 246	20 248 842
<b>Total</b>	<b>62 349 248</b>	<b>50 701 860</b>

# BERGRIVIER LOCAL MUNICIPALITY

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### 49 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 49.2 Currency risk (Market Risk)

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

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

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

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	77 919 614	82 073 040
Long-term Liabilities (including current portion)	-	-
<b>Net balance exposed</b>	<b>77 919 614</b>	<b>82 073 040</b>

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

1% (2017 - 1%) increase in interest rates	779 196	820 730
0% (2017 - 0%) decrease in interest rates	-	-

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

#### 49.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
<b>30 JUNE 2018</b>				
Annuity Loans	11 514 728	40 987 162	47 980 158	100 482 048
Payables from exchange transactions	17 291 431	-	-	17 291 431
<b>Total</b>	<b>28 806 159</b>	<b>40 987 162</b>	<b>47 980 158</b>	<b>117 773 479</b>
<b>30 JUNE 2017</b>				
Annuity Loans	10 819 285	36 073 574	56 335 704	103 228 564
Finance Lease Liabilities	2 906	-	-	2 906
Payables from exchange transactions	29 580 673	-	-	29 580 673
<b>Total</b>	<b>40 402 863</b>	<b>36 073 574</b>	<b>56 335 704</b>	<b>132 812 142</b>

#### 49.5 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.



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### 50 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

#### Financial Assets

Cash and Cash Equivalents	77 935 964	82 080 490
Receivables from Exchange transactions	52 726 630	46 329 573
Long-term Receivables	1 608 558	2 535 757
<b>Total</b>	<b>132 271 152</b>	<b>130 945 819</b>

#### Financial Liabilities

Payables from exchange transactions	17 291 431	29 580 673
Long-Term Liabilities	56 362 960	54 804 367
<b>Total</b>	<b>73 654 391</b>	<b>84 385 039</b>

### 51 STATUTORY RECEIVABLES

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

Taxes	-	977 292
Receivables from Non-Exchange Transactions	31 538 206	26 002 078
Rates	29 012 121	24 454 869
Fines	769 631	583 503
Unpaid Grants	113 815	113 815
Department of Human Settlements	1 434 144	849 891
Witwatersrand Infrastructure Project	208 494	-
<b>Total</b>	<b>31 538 206</b>	<b>26 979 369</b>

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

### 52 EVENTS AFTER REPORTING DATE

The Municipality had no significant events after reporting date.

It must however be noted that the Chief Financial Officer submitted his resignation to Council on 28 August 2018. The effective termination date will be 30 November 2018. The Council declared the position vacant and approved a recruitment plan to appoint a Chief Financial Officer by 23 October 2018.

### 53 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received donations as disclosed in note 24.

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

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

### 55 CONTINGENT LIABILITIES

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

# BERGRIVIER LOCAL MUNICIPALITY

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### 56 RELATED PARTIES

#### 56.1 Related Party Transactions

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

	Rates	Service Charges	Other	Outstanding Balance
<b>2018</b>				
<u>Councillors</u>				
A Small	279	5 952	48	1 062
AJ De Vries	10 917	4 317	46	1 272
AJ Du Plooy	1 003	6 107	154	3 711
EB Manuel				
J Daniels	5 681	7 705	11	1 056
J Swart	6 573	7 246	20	1 368
MA Wessels	-	15 181	-	975
RM van Rooy				
SIJ Smit	4 456	48 566	340	7 260
SM Crafford	5 932	4 621	-	(1 295)
SR Claassen	1 114	4 919	-	505
BJ Claasen				
SS Lesch				
Total	35 955	104 614	619	15 914
<u>Municipal Manager and Section 57 Employees</u>				
Adv H Linde	12 922	14 095	-	2 054
DA Josephus	6 684	6 280	-	1 330
JWA Kotzee	1 170	7 999	-	1 124
H Krohn	9 358	29 658	1 504	12 391
GJ Goliath	-	-	-	-
Total	30 134	58 033	1 504	16 898
<b>2017</b>				
<u>Councillors</u>				
A Small	-	-	-	-
AJ De Vries	10 114	3 996	-	1 176
AJ Du Plooy	929	5 616	70	1 092
CJ Snyders	-	846	-	422
EB Manuel	1 135	6 243	6	349
J Daniels	5 263	9 273	11	1 083
J Swart	7 112	12 088	167	(441)
JA Raats	2 202	5 232	-	3 199
JJ Josephus	826	9 313	6	687
MA Wessels	-	22 853	340	1 370
RM van Rooy	-	-	-	-
SIJ Smit	4 128	45 324	346	7 357
SM Crafford	-	5 139	414	383
SR Claassen	1 032	4 560	-	466
SS Lesch	-	-	-	-
WJ Dirks	705	1 117	-	905
Total	33 445	131 599	1 360	18 048
<u>Municipal Manager and Section 57 Employees</u>				
Adv H Linde	1 995	8 212	1 487	1 946
JA van Niekerk	-	11 695	(1 363)	-
JWA Kotzee	1 084	7 405	0	735
H Krohn	8 153	32 000	13 730	15 045
GJ Goliath	-	-	-	-
Total	11 232	59 313	13 854	17 726

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 56 RELATED PARTIES (CONTINUED)

#### 56.2 Related Party Loans

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

#### 56.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 31 and 32.

#### 56.4 Other related party transactions

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

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

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

Company Name	Related Party	Family member in service of the state	Amount	Amount
Siphenkhosi Protection Service	C Claasen	Spouse (Bergrivier Municipality)	147 758	356 709
Shop at Sandys	T Wessels	Daughter (Bergrivier Municipality)	22 450	-
IOMU trading	A Appollis	Spouse (Correctional Services)	330 959	-
Ettiene Vermaak	J Vermaak	Spouse (Karl Bremer Hospital)	27 107	-
Cederberg Conservation Service	B Du Plessis	Spouse (Cape Nature)	-	553 884
AON	N Manyanga	Farther (Department of Education)	-	747 336
		Mother (Department of Transport)	-	-
<b>Total</b>			<b>528 274</b>	<b>1 657 929</b>

#### CONTINGENT ASSET

The Municipality has put a claim against the surpluses made by the WCDM from the 2015/16 financial year. The claim emanates from a decision taken to restrict the construction and/or upgrade services performed by the WCDM from as from the 2015/16 financial year. The Municipality's claims that the WCDM made surpluses as a result of this decision. The WCDM is disputing the claim. The matter has been referred to a dispute resolution mechanism as part of the ongoing S78 process wherein a mediator has been appointed to facilitate the resolution of the matters.

There is currently uncertainty on how long it would take to resolve the dispute as it involves three municipalities and is dependent on the outcome of the mediated process. The Municipality has estimated the fair value of its claim to be R1 135 513 as at 30 June 2018.

### 57 FINANCIAL SUSTAINABILITY

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

#### Financial Indicators

The current ratio increased to 3.78:1 from 3.22:1 in the prior year.

The Municipality have budgeted for a surplus of R14 316 160 for the 2018/2019 financial year and surpluses of R10 502 174 and R12 932 000 for the 2019/2020 and 2020/2021 years respectively.

The average debtors collection rate decreased from 95.3% to 91.74%.

Cash and Cash Equivalents have decreased during the year due to the Municipality settling outstanding creditors at year-end.

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2017	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2018
<b><u>ANNUITY LOANS</u></b>							
DBSA	61001254	15.00%	2018-06-30	264 298	-	(264 298)	-
DBSA	61003131	16.50%	2020-12-31	444 358	-	(102 926)	341 432
DBSA	61001189	14.00%	2017-09-30	101 032	-	(101 032)	-
Nedbank	05/7831032282	11.27%	2023-06-12	2 822 906	-	(355 196)	2 467 710
DBSA	61000757	9.86%	2018-12-31	1 407 657	-	(915 856)	491 801
DBSA	61001029	12.41%	2030-06-30	15 169 656	-	(513 522)	14 656 134
DBSA	61006811	11.53%	2031-06-30	3 580 297	-	(111 782)	3 468 515
DBSA	61006837	11.59%	2036-06-30	8 449 251	-	(134 603)	8 314 648
DBSA	61006975	11.33%	2032-06-30	3 648 431	-	(102 031)	3 546 400
Standard Bank	252933753	11.95%	2024-06-30	5 527 289	-	(544 760)	4 982 529
Standard Bank	252933737	11.25%	2019-06-30	934 125	-	(441 713)	492 412
Standard Bank	410683566	10.26%	2023-06-30	-	6 080 000	-	6 080 000
ABSA	3044794458	9.99%	2021-06-30	360 199	-	(77 226)	282 973
ABSA	3044701437	10.57%	2026-06-12	5 342 049	-	(375 949)	4 966 100
ABSA	3046456438	10.12%	2027-06-30	5 970 000	-	(351 846)	5 618 154
ABSA	3046456399	9.77%	2022-06-30	780 000	-	(125 848)	654 152
<b>Total Annuity Loans</b>				<b>54 801 548</b>	<b>6 080 000</b>	<b>(4 518 587)</b>	<b>56 362 960</b>
<b><u>FINANCE LEASE LIABILITIES</u></b>							
Cellphones and Modems		Various	2018-02-28	2 819	-	(2 819)	-
<b>Total Finance Lease Liabilities</b>				<b>2 819</b>	<b>-</b>	<b>(2 819)</b>	<b>-</b>
<b>Total Long-Term Liabilities</b>				<b>54 804 367</b>	<b>6 080 000</b>	<b>(4 521 406)</b>	<b>56 362 960</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER MOVEMENT R	CLOSING BALANCE R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	37 144 000	(37 144 000)	-	-	-
Finance Management Grant (FMG)	-	1 550 000	(800 000)	(750 000)	-	-
Municipal Infrastructure Grant (MIG)	-	14 727 000	(2 431 473)	(12 295 527)	-	-
Expanded Public Works Programme (EPWP)	-	1 601 000	(1 601 000)	-	-	-
Integrated National Electrification Programme (INEP)	371 484	-	(46 045)	(325 439)	-	-
<b>Total</b>	<b>371 484</b>	<b>55 022 000</b>	<b>(42 022 519)</b>	<b>(13 370 966)</b>	<b>-</b>	<b>-</b>
<b>PROVINCIAL GOVERNMENT</b>						
CDW Contribution	13 947	-	-	-	-	13 947
Western Cape Financial Management Support Grant	-	330 000	(40 525)	(289 475)	-	-
Proclaimed Roads	-	75 594	(75 594)	-	-	-
Regional Socio - Economic Project/Violence Prevention through Urban Upgrading	-	1 000 000	-	(1 000 000)	-	-
Library Services	-	6 343 000	(6 053 000)	(290 000)	-	-
Financial Management Capacity Building Grant	-	240 000	(220 000)	-	-	20 000
Local Government Graduate Internship Allocation	60 000	-	-	-	-	60 000
<b>Total</b>	<b>73 947</b>	<b>7 988 594</b>	<b>(6 389 119)</b>	<b>(1 579 475)</b>	<b>-</b>	<b>93 947</b>
<b>OTHER GRANT PROVIDERS</b>						
Cerebos Ltd	-	-	-	-	-	-
Heist op den Berg	-	438 882	(333 358)	-	-	105 523
Chieta	-	-	-	-	-	-
LG Seta	-	54 500	(54 500)	-	-	-
<b>Total</b>	<b>-</b>	<b>493 381</b>	<b>(387 858)</b>	<b>-</b>	<b>-</b>	<b>105 523</b>
<b>ALL SPHERES OF GOVERNMENT</b>	<b>445 431</b>	<b>63 503 975</b>	<b>(48 799 496)</b>	<b>(14 950 441)</b>	<b>-</b>	<b>199 470</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>Financial Performance</b>						
Property rates	62 946 435	2 500 001	65 446 436	62 606 570	(2 839 866)	56 440 436
Service charges	167 920 997	(9 362 817)	158 558 180	145 624 075	(12 934 105)	149 250 118
Investment revenue	4 973 400	(147 400)	4 826 000	6 729 330	1 903 330	5 838 980
Transfers and subsidies - operational	61 021 313	(363 385)	60 657 928	48 799 496	(11 858 432)	42 606 968
Other own revenue	24 819 587	(132 362)	24 687 225	30 125 983	5 438 758	32 186 610
<b>Total Operating Revenue (excluding capital transfers)</b>	<b>321 681 733</b>	<b>(7 505 964)</b>	<b>314 175 769</b>	<b>293 885 454</b>	<b>(20 290 315)</b>	<b>286 323 112</b>
Employee costs	119 261 848	(6 442 238)	112 819 610	111 580 828	(1 238 782)	102 241 763
Remuneration of councillors	5 670 537	270 001	5 940 538	5 822 315	(118 223)	5 358 968
Debt impairment	12 444 585	1 318 330	13 762 915	12 265 424	(1 497 491)	12 210 077
Depreciation and asset impairment	19 902 000	946 554	20 848 554	20 439 170	(409 384)	19 447 855
Finance charges	12 299 097	856 777	13 155 874	12 834 747	(321 127)	12 662 376
Bulk purchases	83 555 500	(6 700 500)	76 855 000	77 802 743	947 743	78 829 149
Other Materials	11 071 170	240 405	11 311 575	-	(11 311 575)	-
Contracted Services	29 476 550	552 445	30 028 995	-	(30 028 995)	-
Transfers and grants	4 398 460	-	4 398 460	4 150 106	(248 354)	3 550 890
Other expenditure	30 593 429	1 440 310	32 033 739	46 294 892	14 261 153	41 999 286
Loss on disposal of PPE	-	-	-	-	-	63 071
<b>Total Expenditure</b>	<b>328 673 176</b>	<b>(7 517 916)</b>	<b>321 155 260</b>	<b>291 190 225</b>	<b>(29 965 035)</b>	<b>276 363 435</b>
<b>Surplus/(Deficit)</b>	<b>(6 991 444)</b>	<b>11 953</b>	<b>(6 979 491)</b>	<b>2 695 230</b>	<b>9 674 721</b>	<b>9 959 676</b>
Transfers and subsidies - capital (monetary)	14 023 000	985 072	15 008 072	14 950 441	(57 631)	12 308 074
Transfers and subsidies - capital (in-kind)	-	1 893 582	1 893 582	1 893 582	-	-
<b>Surplus/(Deficit) for the year</b>	<b>7 031 556</b>	<b>2 890 607</b>	<b>9 922 163</b>	<b>19 539 252</b>	<b>9 617 089</b>	<b>22 267 750</b>
<b>Capital expenditure &amp; funds sources</b>						
Capital expenditure	31 319 500	2 891 434	34 210 934	31 376 854	(2 834 080)	27 943 188
Transfers recognised - capital	14 023 000	985 072	15 008 072	14 939 540	(68 532)	11 133 554
Public contributions & donations	-	1 893 582	1 893 582	1 893 582	-	160 403
Borrowing	6 080 000	-	6 080 000	4 475 854	(1 604 146)	6 593 294
Internally generated funds	11 216 500	12 780	11 229 280	10 067 879	(1 161 401)	10 055 937
<b>Total sources of capital funds</b>	<b>31 319 500</b>	<b>2 891 434</b>	<b>34 210 934</b>	<b>31 376 854</b>	<b>(2 834 080)</b>	<b>27 943 188</b>
<b>Cash flows</b>						
Net cash from (used) operating	33 176 438	(925 941)	32 250 496	22 792 032	(9 458 464)	41 008 638
Net cash from (used) investing	(31 539 699)	(777 653)	(32 317 352)	(28 678 529)	3 638 823	(27 471 259)
Net cash from (used) financing	1 736 975	(190 515)	1 546 460	1 741 970	195 510	2 883 590
Net Cash Movement for the year	3 373 713	(1 894 109)	1 479 605	(4 144 526)	(5 624 131)	16 420 970
Cash/cash equivalents at beginning of year	67 032 240	16 131 725	83 163 966	82 080 490	(1 083 476)	65 659 520
<b>Cash/cash equivalents at the year end</b>	<b>70 405 953</b>	<b>14 237 617</b>	<b>84 643 570</b>	<b>77 935 963</b>	<b>(6 707 607)</b>	<b>82 080 490</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>REVENUE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	26 298 474	-	26 298 474	26 360 919	62 445	23 369 912
Finance and administration	74 642 862	3 400 001	78 042 863	84 136 581	6 093 718	76 218 988
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>						
Community and social services	6 885 737	212 932	7 098 669	7 138 438	39 769	7 138 099
Sport and recreation	4 422 779	(12 975)	4 409 804	4 253 823	(155 981)	7 499 798
Public safety	5 395	1 754 650	1 760 045	1 754 650	(5 395)	9 573 094
Housing	11 859 923	-	11 859 923	-	(11 859 923)	40 297
<b>Economic and environmental services</b>						
Planning and development	3 620 902	63 000	3 683 902	3 597 777	(86 125)	1 162 153
Road transport	15 483 699	(1 517 917)	13 965 782	12 277 998	(1 687 784)	5 436 564
<b>Trading services</b>						
Energy sources	109 910 600	(3 858 000)	106 052 600	96 476 289	(9 576 311)	98 176 498
Water management	30 870 596	(7 382 000)	23 488 596	21 255 934	(2 232 662)	32 491 428
Waste water management	28 164 743	1 100 000	29 264 743	28 958 707	(306 036)	14 072 656
Waste management	23 539 022	1 613 000	25 152 022	24 518 359	(633 663)	23 451 700
<b>Total Revenue - Standard</b>	<b>335 704 733</b>	<b>(4 627 310)</b>	<b>331 077 423</b>	<b>310 729 475</b>	<b>(20 347 948)</b>	<b>298 631 187</b>
<b>EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	14 572 909	1 788 774	16 361 683	15 995 020	(366 663)	18 158 116
Finance and administration	47 120 513	14 751 575	61 872 088	58 951 799	(2 920 289)	20 686 450
Internal audit	309 795	1 098 183	1 407 978	1 427 504	19 526	-
<b>Community and public safety</b>						
Community and social services	9 120 417	(819 032)	8 301 385	7 540 272	(761 113)	7 230 723
Sport and recreation	15 959 152	(1 158 857)	14 800 295	13 759 796	(1 040 499)	14 748 976
Public safety	1 283 431	202 995	1 486 426	1 342 965	(143 461)	19 772 657
Housing	14 480 312	(1 289 529)	13 190 783	1 033 662	(12 157 121)	1 116 979
<b>Economic and environmental services</b>						
Planning and development	13 826 238	(1 070 087)	12 756 151	10 517 574	(2 238 577)	4 445 848
Road transport	44 711 272	(548 638)	44 162 634	39 149 405	(5 013 229)	28 791 468
<b>Trading services</b>						
Energy sources	110 102 800	(17 571 412)	92 531 388	91 495 696	(1 035 692)	105 238 163
Water management	21 728 323	(2 838 988)	18 889 335	18 242 607	(646 728)	22 671 620
Waste water management	12 109 690	363 805	12 473 495	8 716 091	(3 757 404)	10 072 231
Waste management	23 348 323	(426 704)	22 921 619	23 017 834	96 215	23 430 205
<b>Total Expenditure - Standard</b>	<b>328 673 176</b>	<b>(7 517 916)</b>	<b>321 155 260</b>	<b>291 190 225</b>	<b>(29 965 035)</b>	<b>276 363 436</b>
<b>Surplus/(Deficit) for the year</b>	<b>7 031 556</b>	<b>2 890 607</b>	<b>9 922 163</b>	<b>19 539 250</b>	<b>9 617 087</b>	<b>22 267 751</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)</b>						
<b>REVENUE</b>						
Vote 1 - Municipal Manager	26 917 324	(37 000)	26 880 324	26 780 919	(99 405)	23 369 912
Vote 2 - Finance	73 459 738	3 330 001	76 789 739	77 944 459	1 154 720	68 458 417
Vote 3 - Corporate Services	1 855 108	1	1 855 108	6 590 998	4 735 890	31 360 882
Vote 4 - Technical Services	196 650 904	(8 357 000)	188 293 904	175 774 365	(12 519 539)	175 441 976
Vote 5 - Community Services	36 821 658	436 690	37 258 348	23 638 734	(13 619 614)	-
<b>Total Revenue by Vote</b>	<b>335 704 733</b>	<b>(4 627 310)</b>	<b>331 077 423</b>	<b>310 729 475</b>	<b>(20 347 948)</b>	<b>298 631 187</b>
<b>EXPENDITURE</b>						
Vote 1 - Municipal Manager	20 390 679	2 623 017	23 013 696	20 832 264	(2 181 432)	18 158 116
Vote 2 - Finance	15 684 512	11 936 776	27 621 288	27 247 449	(373 839)	(728 733)
Vote 3 - Corporate Services	26 058 375	2 103 360	28 161 735	26 684 102	(1 477 633)	49 727 377
Vote 4 - Technical Services	203 968 853	(19 530 195)	184 438 658	176 276 322	(8 162 336)	209 206 676
Vote 5 - Community Services	62 570 758		57 919 883	40 150 088	(17 769 795)	-
<b>Total Expenditure by Vote</b>	<b>328 673 176</b>	<b>(2 867 042)</b>	<b>321 155 260</b>	<b>291 190 225</b>	<b>(29 965 035)</b>	<b>276 363 436</b>
<b>Surplus/(Deficit) for the year</b>	<b>7 031 556</b>	<b>(1 760 268)</b>	<b>9 922 163</b>	<b>19 539 250</b>	<b>9 617 087</b>	<b>22 267 751</b>



# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>REVENUE AND EXPENDITURE</b>						
<b>REVENUE BY SOURCE</b>						
Property rates	62 946 435	2 500 001	65 446 436	62 606 570	(2 839 866)	56 440 436
Service charges - electricity revenue	108 363 166	(4 229 000)	104 134 166	94 502 306	(9 631 860)	94 676 736
Service charges - water revenue	28 923 596	(7 382 000)	21 541 596	19 308 934	(2 232 662)	24 790 501
Service charges - sanitation revenue	11 497 269	1 100 000	12 597 269	12 070 710	(526 559)	11 074 362
Service charges - refuse revenue	19 136 966	1 148 183	20 285 149	19 742 125	(543 024)	18 708 520
Rental of facilities and equipment	274 066	718 400	992 466	5 319 490	4 327 024	5 309 702
Interest earned - external investments	4 973 400	(147 400)	4 826 000	6 729 330	1 903 330	5 838 980
Interest earned - outstanding debtors	4 120 000	-	4 120 000	5 275 028	1 155 028	4 268 050
Fines, penalties and forfeits	10 021 305	(1 667 265)	8 354 040	7 098 271	(1 255 769)	9 813 442
Licences and permits	10 790	-	10 790	-	(10 790)	-
Agency services	3 819 660	152 348	3 972 008	4 016 499	44 491	3 808 710
Transfers and subsidies - Operating	61 021 313	(363 385)	60 657 928	48 799 496	(11 858 432)	42 606 968
Other revenue	6 573 766	664 156	7 237 921	7 850 563	612 642	8 986 707
Gain on disposal of PPE	-	-	-	566 132	566 132	-
<b>Total Revenue (excl capital transfers)</b>	<b>321 681 733</b>	<b>(7 505 964)</b>	<b>314 175 769</b>	<b>293 885 454</b>	<b>(20 290 315)</b>	<b>286 323 112</b>
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	119 261 848	(6 442 238)	112 819 610	111 580 828	(1 238 782)	102 241 763
Remuneration of councillors	5 670 537	270 001	5 940 538	5 822 315	(118 223)	5 358 968
Debt impairment	12 444 585	1 318 330	13 762 915	12 265 424	(1 497 491)	12 210 077
Depreciation and asset impairment	19 902 000	946 554	20 848 554	20 439 170	(409 384)	19 447 855
Finance charges	12 299 097	856 777	13 155 874	12 834 747	(321 127)	12 662 376
Bulk purchases	83 555 500	(6 700 500)	76 855 000	77 802 743	947 743	78 829 149
Other Materials	11 071 170	240 405	11 311 575	-	(11 311 575)	-
Contracted Services	29 476 550	552 445	30 028 995	-	(30 028 995)	-
Transfers and grants	4 398 460	-	4 398 460	4 150 106	(248 354)	3 550 890
Other expenditure	30 593 429	1 440 310	32 033 739	46 294 892	14 261 153	41 999 286
Loss on disposal of PPE	-	-	-	-	-	63 071
<b>Total Expenditure</b>	<b>328 673 176</b>	<b>(7 517 916)</b>	<b>321 155 260</b>	<b>291 190 225</b>	<b>(29 965 035)</b>	<b>276 363 435</b>
<b>Surplus/(Deficit)</b>	<b>(6 991 444)</b>	<b>11 953</b>	<b>(6 979 491)</b>	<b>2 695 230</b>	<b>9 674 721</b>	<b>9 959 676</b>
Transfers and subsidies - Capital (monetary)	14 023 000	985 072	15 008 072	14 950 441	(57 631)	12 308 074
Transfers and subsidies - Capital (in-kind)	-	1 893 582	1 893 582	1 893 582	-	-
<b>Surplus/(Deficit) for the year</b>	<b>7 031 556</b>	<b>2 890 607</b>	<b>9 922 163</b>	<b>19 539 252</b>	<b>9 617 089</b>	<b>22 267 750</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CAPITAL EXPENDITURE</b>						
<b>CAPITAL EXPENDITURE (MUNICIPAL VOTE)</b>						
<b>Multi-year expenditure</b>						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	843 728
Vote 3 - Corporate Services	1 000 000	-	1 000 000	951 390	(48 610)	323 557
Vote 4 - Technical Services	1 845 000	(210 000)	1 635 000	1 445 371	(189 630)	1 683 144
Vote 5 - Community Services	765 000	(185 466)	579 534	578 982	(552)	-
<b>Total Multi-year expenditure</b>	<b>3 610 000</b>	<b>(395 466)</b>	<b>3 214 534</b>	<b>2 975 742</b>	<b>(238 792)</b>	<b>2 850 430</b>
<b>Single-year expenditure</b>						
Vote 1 - Municipal Manager	101 500	-	101 500	99 866	(1 634)	154 175
Vote 2 - Finance	1 290 000	289 475	1 579 475	1 577 331	(2 144)	1 035 311
Vote 3 - Corporate Services	225 000	7 000	232 000	236 508	4 508	7 045 752
Vote 4 - Technical Services	22 632 000	1 609 597	24 241 597	21 790 665	(2 450 932)	16 857 520
Vote 5 - Community Services	3 461 000	1 380 828	4 841 828	4 696 742	(145 086)	-
<b>Total Single-year expenditure</b>	<b>27 709 500</b>	<b>3 286 900</b>	<b>30 996 400</b>	<b>28 401 112</b>	<b>(2 595 288)</b>	<b>25 092 758</b>
<b>Total Capital Expenditure by Vote</b>	<b>31 319 500</b>	<b>2 891 434</b>	<b>34 210 934</b>	<b>31 376 854</b>	<b>(2 834 080)</b>	<b>27 943 188</b>
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	100 000	-	100 000	99 866	(134)	154 175
Finance and administration	2 459 000	(557 325)	1 901 675	1 878 351	(23 324)	4 544 376
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>						
Community and social services	870 000	130 237	1 000 237	909 503	(90 734)	1 353 606
Sport and recreation	1 071 000	(234 601)	836 399	794 438	(41 961)	4 232 267
Public safety	320 000	1 598 611	1 918 611	1 917 567	(1 044)	1 289 918
Housing	10 000	(965)	9 035	9 153	118	-
<b>Economic and environmental services</b>						
Planning and development	1 211 500	(151 310)	1 060 190	994 908	(65 282)	11 780
Road transport	5 935 000	(356 420)	5 578 580	5 432 814	(145 766)	3 172 895
<b>Trading services</b>						
Energy sources	1 325 000	314 609	1 639 609	1 639 050	(559)	3 744 911
Water management	1 370 000	2 246 970	3 616 970	1 839 330	(1 777 640)	5 136 503
Waste water management	13 211 000	236 628	13 447 628	13 264 557	(183 071)	2 307 276
Waste management	3 437 000	(335 000)	3 102 000	2 597 318	(504 682)	1 995 482
<b>Total Capital Expenditure - Standard</b>	<b>31 319 500</b>	<b>2 891 434</b>	<b>34 210 934</b>	<b>31 376 854</b>	<b>(2 834 080)</b>	<b>27 943 188</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CAPITAL EXPENDITURE (CONTINUED)</b>						
<b>FUNDING SOURCES</b>						
National Government	13 023 000	405 597	13 428 597	13 413 427	(15 170)	10 295 998
Provincial Government	1 000 000	579 475	1 579 475	1 526 113	(53 362)	837 556
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>14 023 000</b>	<b>985 072</b>	<b>15 008 072</b>	<b>14 939 540</b>	<b>(68 532)</b>	<b>11 133 554</b>
Public contributions & donations	-	1 893 582	1 893 582	1 893 582	-	160 403
Borrowing	6 080 000	-	6 080 000	4 475 854	(1 604 146)	6 593 294
Internally generated funds	11 216 500	12 780	11 229 280	10 067 879	(1 161 401)	10 055 937
<b>Total Capital Funding</b>	<b>31 319 500</b>	<b>2 891 434</b>	<b>34 210 934</b>	<b>31 376 854</b>	<b>(2 834 080)</b>	<b>27 943 188</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CASH FLOWS</b>						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	61 680 561	1 475 250	63 155 811	54 467 061	(8 688 750)	55 008 879
Service charges	164 544 048	(11 535 404)	153 008 644	141 393 499	(11 615 145)	145 086 884
Other revenue	11 060 851	1 914 810	12 975 660	18 292 524	5 316 863	12 093 790
Government - operating	61 021 313	(482 893)	60 538 420	48 553 535	(11 984 885)	41 814 433
Government - capital	14 023 000	659 633	14 682 633	14 950 441	267 808	12 308 074
Interest	9 010 545	(208 745)	8 801 800	6 729 330	(2 072 470)	5 838 980
<b>Payments</b>						
Suppliers and employees	(278 408 429)	8 176 637	(270 231 792)	(251 164 144)	19 067 648	(221 579 670)
Finance charges	(5 356 990)	(925 229)	(6 282 219)	(6 280 107)	2 112	(6 011 840)
Transfers and grants	(4 398 460)	-	(4 398 460)	(4 150 106)	248 354	(3 550 890)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>33 176 438</b>	<b>(925 941)</b>	<b>32 250 496</b>	<b>22 792 032</b>	<b>(9 458 464)</b>	<b>41 008 638</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	-	-	-	789 855	789 855	471 929
Decrease (increase) other non-current receivables	(220 199)	220 199	-	14 889	14 889	-
<b>Payments</b>						
Capital assets	(31 319 500)	(997 852)	(32 317 352)	(29 483 272)	2 834 080	(27 943 188)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(31 539 699)</b>	<b>(777 653)</b>	<b>(32 317 352)</b>	<b>(28 678 529)</b>	<b>3 638 823</b>	<b>(27 471 259)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	6 080 000	-	6 080 000	6 080 000	-	6 750 000
Increase (decrease) in consumer deposits	192 000	(192 000)	-	183 376	183 376	131 871
<b>Payments</b>						
Repayment of borrowing	(4 535 025)	1 485	(4 533 540)	(4 521 406)	12 134	(3 998 280)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>1 736 975</b>	<b>(190 515)</b>	<b>1 546 460</b>	<b>1 741 970</b>	<b>195 510</b>	<b>2 883 590</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>3 373 713</b>	<b>(1 894 109)</b>	<b>1 479 605</b>	<b>(4 144 526)</b>	<b>(5 624 131)</b>	<b>16 420 970</b>
Cash/cash equivalents at the year begin:	67 032 240	16 131 725	83 163 966	82 080 490	(1 083 476)	65 659 520
Cash/cash equivalents at the year end:	70 405 953	14 237 617	84 643 570	77 935 964	(6 707 606)	82 080 490